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THE ADMINISTRATOR

Cases on Human Relations in Business

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To

Professor Edmund P. Learned, D.C.S., D.S.M

Scholar, Teacher, Leader, and Friend

PREFACE TO THE THIRD EDITION

This edition of *The Administrator* includes more than a score of new cases. Most of these have been "kitchen tested" in various classrooms and educational programs of the Harvard University Graduate School of Business Administration, in sessions of "in-company" executive training programs, and elsewhere. Some of these new cases are here published for the first time. We have also added a number of excerpts which have charmed or shocked us in the course of our reading and browsing.

We have dropped a number of cases which were among the least used. We have also pruned out a few which had substantial followings. Some instructors, like ourselves, may feel a twinge at their passing. But such seems to be a law of life: the old must in due time yield ground to the new; the new will have its moment. In a few instances, we have exercised our license and stayed for at least a while the operation of this law—if such it be. A few cases which have *not* been widely used we have retained, perhaps obstinately, because we think they *ought* to be.

As in the second edition, we have made numerous editorial changes in the cases. Many of these changes are intended to remove unnecessary ambiguities as to simple facts. Other alterations are intended to attribute to the proper persons some judgments and inferences which had previously, so to speak, masqueraded as statements of objective fact. A number of personal judgments and inferences still remain which appear, at a superficial glance, to stand as objective facts. We have allowed them to stay, with all their capacity to confuse and give rise to differences of opinion; for we believe it is a useful exercise for students to break through the surface of things and to perceive these personal judgments and inferences for what they are and to try to deal with them in appropriate ways. It seems to us that the administrator is typically and constantly beset with precisely the problem of trying to understand the many personal judgments and inferences, which are

presented to him as objective facts, for what they are and of trying to evaluate them appropriately in order that he may cope with them in suitable fashion.

We thank Miss Constance S. Fields and Miss Helen E. Kosakowski for their help in preparing this new edition.

JOHN DESMOND GLOVER
RALPH M. HOWER

HARVARD UNIVERSITY
December, 1956

ACKNOWLEDGMENTS

This volume reflects the toil and thinking of numerous other persons besides ourselves. These others have contributed generously to our continuing education and to this work; to them we are deeply grateful. That we are indebted to them is, for us, a matter of pride as well as thankfulness.

Both of us have been moved and influenced by Professor Elton Mayo, as will be instantly apparent to those who know him and his pioneering work. This present volume is only one among several which have already appeared, and among the many more which will appear in the coming years, to bear the imprint of his teaching.

From Professors Benjamin M. Selekman, Fritz J. Roethlisberger, and George F. F. Lombard we have obtained, not only concepts and ideas, but several of the cases which are included here. Indeed, Professor Lombard had a leading part in the preparation of many of these cases for classroom use.

Wallace B. Donham, Professor Emeritus and former Dean of the Harvard Business School, and the late Professor L. J. Henderson—both friends of Mayo—also have influenced the development of our views on the administrator.

Professor Edmund P. Learned, with whom we have been closely associated for the past several years, encouraged us to undertake the work of preparing a casebook for publication and for use beyond the walls of the Harvard Graduate School of Business Administration. We take a personal pleasure in the fact that Professor Learned's practical point of view and broad experience as an administrator and consultant are reflected in this volume. Further, Professor Learned has been in charge of "Administrative Practices" ever since the School, upon the resumption of civilian operations in 1946, introduced the subject as an integral part of the required first-year program.

The late Professor Cecil E. Fraser, formerly Assistant Dean at the School, would also, we hope, see more than occasional reflections of himself in these pages. To our education he contributed extensively from his firsthand knowledge of the realities of human relations and administration. He was also to us, as he was to so many of this Faculty, an unfailing friend and counsel.

During the past few years we have sat, at least once in every week, in staff meetings with our other colleagues who have taught the subject "Administrative Practices" here at the Graduate School of Business Administration. We have drawn heavily, but still not heavily enough, upon the wisdom and understanding of Professors Charles I. Gragg, Joseph C. Bailey, Andrew R. Towl, and Kenneth R. Andrews. Many of their insights have found their way into this work.

Our Dean, Donald K. David, and our Associate Dean, Stanley F. Teele, have understood from the outset—perhaps better than we ourselves—what we in "Administrative Practices" have been trying to do since that subject was incorporated into the course of study at the School immediately after the war. They have always encouraged us. To all our colleagues in the several fields of interest to the School, and especially to those engaged with us in the other first-year subjects, we express our thanks for the refreshing and instructive views they have given us daily of their own teaching, studies, and investigations. We hope that this volume will meet with their favor.

A number of the cases here included represent the first fruits of the postwar research activities of the School in the fields of "Human Relations" and "Administrative Practices." In due course, members of the research staff will publish their own works and findings, and those of us who have had the privilege of observing their work in progress know that these publications to come will make their mark. Those in the research group to whom we are indebted for case material used here were Misses Frances G. Mulhearn and Harriet O. Ronken, and Messrs. Donald R. Booz, Hugh Cabot, Paul R. Lawrence, and David N. Ulrich. Mr. Jerome F. Scott, now at the British Institute of Management, London, England, and Mr. R. Stanley Laing, now Assistant Comptroller of the National Cash Register Company, also prepared cases we have used.

Elsewhere and at other times we have thanked those executives attending the Advanced Management Program and those officers assigned to the Army Supply Officers Training School who have given us material for cases out of their personal experiences and observation. For obvious reasons, we do not list their names here.

Our thanks are due, also, to those students past and present at the Harvard Business School whose examination papers and reports have been included in this book. We believe that readers will be repaid for the time they spend in the study of these efforts by the students to see into these cases and to express their ideas. (The student reports have

been reproduced without correction except for obvious typographical errors. We have made no changes in wording, since this might alter substantially the meaning of a sentence or paragraph. There are some lapses in grammar and some confusion of ideas, but we want these to stand for students themselves to consider.)

Everyone who has had to prepare a mass of material for publication will understand our abiding appreciation of the unstinted efforts and lasting good humor of Miss Ardis C. Giffin and Miss Elinor L. Thistle, who did so much to prepare the cases and manuscript for publication.

To us falls the responsibility for the selection of the cases and their sequence in this book, for the formulation of the questions, and for the choice of the excerpts. While we have unhesitatingly, not to say proudly, drawn upon so many sources for inspiration, guidance, ideas, and assistance, we must, and of course do, accept full responsibility for this book—its errors and its inadequacies.

We thank the many publishers and authors who have granted us permission to quote the copyright material appearing in the excerpts which are spotted here and there among the cases. The source of each quotation and the grantor of permission to quote are cited at the appropriate place in the text. With the exception of The Corelli Case, all cases in this book have been individually copyrighted by the President and Fellows of Harvard College. They are reprinted here by special permission and may not be reproduced in whole or in part without the written permission of the President and Fellows of Harvard College.

JOHN DESMOND GLOVER
RALPH M. HOWER

HARVARD UNIVERSITY
March 15, 1949

Additional Acknowledgments, 1956:

For case material added in the Third Edition we are indebted to Professors Harold F. Craig, Joseph C. Bailey, James J. Foley, Paul R. Lawrence, John M. Hamilton, and Charles H. Savage, Jr. The "Whittier School Parent Teacher Association" by Professor Charles H. Savage, Jr., Copyright 1955, is reproduced with the generous permission of the author.

J. D. G.
R. M. H.

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INTRODUCTION

This casebook is a collection of cases which have been used in teaching the subject "Administrative Practices" at the Harvard Graduate School of Business Administration. Every case has been taken from a "real life" situation. The methods of collecting case material have been several. Some have come from the School's researches in the areas of human relations and administration. A few have come from students. Some of the cases have come out of consulting work done by members of the Faculty. Others have been gathered as "case research" projects for instruction at the School.

We have appended questions to most cases. Students may find these questions, or some of them, interesting and stimulating. We hope no one will feel that these are the only questions which might be asked, or that they have any authoritative status as the "best" questions. We hope that students will want to go ahead and ask questions of their own which may be more meaningful and interesting to them individually.

We have interspersed throughout the book, more or less at random, quotations which we think are interesting and pertinent to the study of the administrator and the administrative process. These quotations have been sprinkled throughout the book somewhat as seasoning and generally without any intent to relate them particularly to the cases which precede or follow. We feel impelled to state that we disagree with some of the views expressed—in fact, some of them are thoroughly objectionable to us personally. But we feel that all of them, because of their intrinsic interest and importance, are worthy of students' attention and thought.

. . . . . .

Students and other teachers have often asked instructors in "Administrative Practices" what they think is the objective of this subject at the Harvard Business School, what they conceive to be the advantages of studying administration by the "case method," how they think an instructor should handle the teaching of these cases, what they think are some of the problems generally faced by students in "Administrative Practices," and what they think are some of the problems faced by the instructor. Similar questions may arise in the minds of some of those into whose hands this volume may come.

Of course, as compilers of this casebook, we cannot, and do not, presume to speak for our associates; we can state only personal opinions. For what they may be worth to the reader—who may or may not find them meaningful, useful, or acceptable—we have tried to set down some personal views on these matters which experience has shown us to be of rather general concern.

As we see it, the objective of "Administrative Practices," as one of the required subjects of the first year of study at the Harvard Business School, is to increase each individual student's capacity to work effectively with others. These "others" may be superiors, equals, or subordinates. We think this subject is concerned with "leadership" and with "followership" in about equal proportions. We think of "Administrative Practices" as being concerned with the development of effective and satisfying *co-operation.* Stated in another way, we think that the purpose of this subject is to provide each student with the opportunity to develop, so far as he as an individual can, an *attitude, point of view, outlook,* or *frame of mind* such that he will be a more understanding, more useful, and more responsible *member of an organization,* whatever his capacity.

In still other words, the student's work in this subject is intended to help the student prepare himself for positions of responsibility *for,* and *to,* others in getting things done through group effort in organizations.

In any organization a fund of factual knowledge will be a useful, maybe an indispensable, background for a person holding a position of administrative responsibility. A banker needs to know something about financial instruments and institutions; a manufacturer, something about manufacturing processes. Competence or mastery in a technical skill—accounting, statistics, or the operation of machine tools, for example—may also be desirable or indispensable, according to the circumstance. Analytical ability, the capacity to discern and evaluate relevant facts in complex systems of interrelationships, is also a prerequisite for taking over administrative responsibility, especially at higher levels of management. Forecasting demand, making choices among alternative methods and means of production, estimating a corporation's future potential for retiring debt, all require capacity for analysis of this kind. But a fund of factual knowledge, mastery of a technique, and analytical ability, while useful or even indispensable, are not—in our opinion—the attributes which, per se, distinguish the *administrator* from all others in an organization. Others may have in their minds a greater store of facts.

Others may outshine the administrator in command and performance of technical skills. Others may have greater powers of logical, complex, and concentrated thought. The qualities which, to our way of thinking, distinguish the administrator are his ability to think and act *responsibly,* to work co-operatively with others, and to provide others opportunities to work effectively and with satisfaction within the group. We believe that the student can enhance his qualities along these lines through the study and discussion of these cases.

We believe—and we think this belief is supported by experience at the Harvard Business School—that the objectives which have been set for the subject "Administrative Practices" can be more certainly attained through the study, contemplation, and discussion of concrete cases than through other common methods of study. In our opinion, the "administrative frame of mind" cannot be developed or attained by the accumulation and the memorizing of facts. Nor, do we think, can it be cultivated by the memorizing of "rules" and "principles." Nor do we think it is effectively fostered by the discussion of generalities or abstractions. We believe that men cannot be "lectured" into being administrators and that they cannot develop the administrative point of view by being *told* what and how they *should* think. We feel that men cannot become administrators through reading about administration, although we do think that *critical* reading may be helpful in increasing understanding of what constitutes the administrative process and art.

Under the "case method" of instruction, the student is constantly and repeatedly being presented with concrete situations—each different from all others. Each presents him with an opportunity to think for himself, to project himself into the situation, and to think responsibly with regard to the particular situation and circumstances. We believe that no equally effective method has revealed itself for giving a man the opportunity to meet new situations in which he must grapple with fresh combinations of facts, half-facts, and opinions.

There are no "answers" in this casebook. Moreover, we insist that we, as instructors and as compilers of this book, do not have *the* "answers." Both of us do have *opinions* about these cases. To these opinions our students are always welcome. But our students are ever called upon to recognize our "answer" for what it is: *an* answer, but not *the* answer. For in cases involving a large number of considerations and factors—some only implicitly and none exactly measurable—there simply is *no* one determinate "solution." The view of a case which is acceptable to a

man is a matter of his own judgment; and we are concerned with the development of each student's own, independent, maturing judgment and understanding.

Our reason for emphasizing attitude, judgment, and such is something like this: We conceive of the administrator as being confronted with, and as being part of, constantly changing situations—situations which are always unique, always related to the past and to the future. What he may usefully do about one particular situation today is unlikely to be appropriate in the situation as it will have evolved tomorrow, or in another situation (also unique) which has a different past and a still different future. Moreover, we do not think that a human situation, by an action on the part of the administrator, can be channeled into a simple predeterminable course of evolution, in which it will remain—through a sort of kinetic inertia—and in which it will inevitably unfold just as planned. The administrator may *start* action as planned. But what follows thereafter depends upon the successive reactions that the administrator encounters and what the administrator himself does in response to these reactions. He can start a series of interactions, but no one can see very far into the future what the course of events may be. Accordingly, we think that the very idea of an administrative "solution" or "answer" to a situation—especially a "solution" or "answer" which can be applied to other situations—is essentially misleading.

The job of the administrator, as we see it, is to live with his organization from day to day and from year to year, contributing what he can to the development of the organization as the circumstances permit and his own qualifications allow. Judgment, attitude, point of view, outlook, and such—not "solutions" or "answers"—will help the administrator understand the evolving situation of which he is a part and will help him decide what, if anything, he should or can do at this moment and at the next.

Men can acquire judgment and understanding, we think, mainly from experience; and while we doubt that there is any substitute for the real thing, the case method does expose the student to a variety of cases taken from genuine business experience. To be sure, people also learn the *wrong* things from experience through failure to interpret intelligently and objectively the situations of which they have been a part. But under the "case method," as we conceive of it, the student is placed in the position of trying to understand a concrete situation in all its multifarious complexity and of trying to present to all his fellows his thoughts

concerning it. During this presentation he is encouraged to re-examine the situation, and his appraisal of it, by the questioning of his fellows and of the instructor. We encourage the student to try to see his own behavior as an integral part of the situation and to be aware of the significance of his own attitude and behavior in administrative positions.

In "Administrative Practices" we do not ask the student, for example, how a question of promotion in general should be handled, but rather what *he* would think and do about the question of a *particular* promotion in *this particular company* in *this* situation. We encourage the student to consider himself as being a part of that situation, so that he may see himself in relation to the other people and take into account his own feelings and aspirations as well as those of the people with whom he is dealing. We try to discourage him from doing what we call "playing God"—saying "Joe should co-operate" or "The management should give the supervisor a chance to talk." The student is urged to state how he himself would set about getting these things done.

In some instances an action question is explicitly stated; in others the student is left entirely on his own in ferreting out appropriate and useful action questions. We try to get him to deal with the relationships and with the individual and group attitudes which comprise the human elements and to relate these to the technical elements and the organizational policies involved in the situation. There is a time factor to be considered, too; for each case, of course, is concerned with an evolving situation. On the basis of all these elements the student has a diagnosis to work out. We ask him to indicate what he thinks might have been done, or left undone, to help the situation evolve in desirable directions or to prevent the undesirable aspects of the existing situation from developing. We ask him to state how he would deal with the situation as it stands. While he is trying to do all this, the student is subject to questioning and comment from his fellow students and from the instructor. We have seen students learn, grow, and mature—their understanding deepen—as a result of this experience.

We know of no method of learning which is as demanding of students as the "case method." They are presented with no ready-made general theories. They are given no answers to memorize and parrot back with the security of knowing that, being letter-perfect, they will gain the instructor's favor—and good grades. Instead of "knowing the answer"—especially one ready-prepared for them by an "authority" they need not question—and instead of feeling well armored and well armed

by an intellectual bag of tricks or "kit of tools," students come to be aware of their own limitations. We have seen old preconceptions and prejudices, old and faithful clichés, and familiar and comfortable generalities gradually come to appear weak, then inadequate, and eventually hollow, false, and misleading.

Being encouraged to think concretely and independently—a new and startling, not to say uncomfortable or even terrifying, experience for most of us who are the products of contemporary education—many students, soon after their initiation into the "case method" of learning, develop a feeling of confusion, frustration, inadequacy, and downright insecurity. They *are* insecure, they *are* uncertain, they *are* confused, they *are* inadequate. We are well familiar with this stage in the students' development at the Harvard Business School. Most men seem to go through it about two months after the beginning of the first term. But this passes. Many students come to take comfort in the fact that others, including the instructors, have gone through this ordeal and have survived. In due course, generally after some months of disturbing discussions in class and out, most students will begin to think for themselves. They seem to grow in that quality of mental ruggedness and vigor which does not quail before complexity and uncertainty. In time, most students come to feel satisfaction and even exhilaration in concrete, independent, and responsible thinking.

Students do not come through this experience with any magic formula or set of rules or general principles of administrative *technique,* such as "Five Rules for Giving Instructions," or "How to Delegate Authority," or "How to Administer Discipline." Indeed, we think that one of the main functions of the instructor is to make it possible for the men to see for themselves that fixed formulas and abstract "principles" of administrative technique are virtually useless in specific situations, to see that each situation requires its own understanding and reaction.

Some students, as well as practicing administrators, passionately desire to shape their administrative attitude and behavior in accordance with *moral* and *ethical* principles to which they are devoted. This is a point of view toward which we, personally, have great sympathy. At the same time, we hope that these men, through thinking about the situations outlined in these cases, and through participation in discussions, will become increasingly less satisfied with "solutions" which consist merely of aspirations or *intent* to act in accordance with the

moral and ethical precepts to which they would adhere as a matter of principle. We hope they will see for themselves that such "solutions" as "I will try to bring the two groups into harmony" or "I will try to get him to understand the truth of the matter" . . . are not solutions at all. As *ends* and *objectives,* such ideas may be highly praiseworthy; but whether they will be achieved will depend upon the specific *means* chosen, as well as upon the intent of the person acting. We hope that students will so grow in the capacity for step-by-step analysis of concrete situations that, to an increasing degree, they will come to think in terms of the particular behavior which may hold promise of carrying out these principles in a concrete situation—that they will come to think in terms of the specific, concrete attitude and behavior which may "bring the two groups into harmony" or "get him to understand the truth of the matter," rather than rest content with phrases which are practically without meaning as directions for specific action.

We think that experience has amply demonstrated that the work in "Administrative Practices" does improve a man's capacity to understand and react sensibly and usefully to evolving situations. True, in the classroom the student never has actual responsibility, nor does he—except, to some degree, in rôle playing—experience the successive interactions which are a part of real administration. We think that anyone who observes a class in action, however, will see at once that the men do develop real feeling about the situations under consideration and that the process of working through a case provides an experience which is lasting and deep. Further, as a result of being exposed to a variety of situations, and subject to a running critique from fellow students and the instructor, men acquire a rich variety of administrative experience and derive lessons from it in a way that is rarely possible in actual business, even over a long period of time.

Looked at from the point of view of the instructor, we think that the "case method" is a most demanding and exacting form of teaching. For he is subject to all the challenges which confront the student. And besides, being in what is in effect an administrative position vis-à-vis the students, he has responsibility of a very real, immediate, and continuing nature. His fund of knowledge, be it ever so vast and varied, can never be so great as to encompass all the fields relevant to administration. *His* store of facts will almost surely be less than the *sum* of the facts known to the class as a whole. We think it is well for the instructor to be an analyst of students, of ideas, and of complex reality—especially of the

complex reality of the students before him. The students, at least, will expect that he will have some intellectual competence in his field. But this is not all. Our experience indicates to us that the instructor in "Administrative Practices," or its equivalent, will do well to *try* to *be* and to *do* what he preaches. If he does not—well, the students are likely to reject him as a leader.

We think that the instructor should refrain from trying to force his own diagnosis or "solution" upon the class. We believe that he should think of himself as trying to give the students opportunities and occasions for learning, and not as trying to make the students over into minor and distorted reflections of himself. We believe the instructor should try to exercise great patience and more-than-average self-restraint of the natural impulse to "help" the student and to "put him straight"—to give him the "answer." This, we know from experience, will be one of the instructor's most difficult tasks. The instructor has the problem of trying to formulate provocative and stimulating questions, and he also has the problem of deciding when to comment or ask questions and when to be still. Beyond this we feel that the instructor has a responsibility for doing what he can to maintain student interest and courage and for injecting a degree of inspiration into the discussion. The instructor, in our opinions, should—yes—even be willing to learn from the students! And, before it becomes apparent to the students, be willing to confess that he, too, experiences self-doubts and the need for more knowledge.

If the instructor can begin each discussion in the frame of mind that he still has something to learn, he will find that he can work freely and sincerely with the class in a joint exploratory effort which is bound to be rewarding. Those of us who have used these cases in teaching know from repeated experience that each class discussion—even of a familiar case—is unique; that we can be sure that some student will give a new interpretation to case data or pick up as significant a detail that we had overlooked and so give the entire case a new turn; that we ourselves have found new issues and radically different interpretations after being confident that we had explored all the possibilities. With an interested group of people, a case becomes an inexhaustible well.

During the discussions students express attitudes and feelings toward, and evaluations of, the case "facts" and the case "issues." They likewise appraise and react to the views expressed by other students and by the instructor. In a very real sense, we think the reactions which take place during the discussion become *the* object of interest for the entire

group, especially for the instructor. By asking questions and restating what has been said, for purposes of clarification and further consideration (and sometimes by stating his own opinions and even arguing vigorously for them), the instructor provides an important means whereby students may sharpen their individual perceptions and become aware of their own attitudes toward the world about them. In this way, as we see it, the instructor may provide the student with the opportunity for re-examining the adequacy and implications of his own evaluations as well as those of others.

Because of differences in background and differences in the way they look at things, no two students will see the same things in a given case. Consequently, no two students will learn exactly the same things from a given case. Nor, for the same reasons, will two discussions of a given case ever be exactly the same. Often, most of the members of a given group will agree on certain interpretations and on the existence of certain issues, and they may agree even as to particular conclusions. There will be, however, differences of opinion as to emphasis, and almost certainly each participant will take away from the discussion individual views and perhaps highly personal meanings. We ourselves have learned to come to class with the knowledge that anything may happen. Indeed, the very individuality of the students' views and the unpredictability of the turns which class discussions will take make the case method, to us, ever rewarding and stimulating.

It is because of all this, we believe, that the cumulative effect of case discussions is to improve the students' capacity to understand and react sensibly and usefully to human situations in administration. And similarly, it is because of all this, we believe, that the instructor is not primarily concerned with trying to lead students along the path of his own analysis to his own personal conclusions or "solution" of the case as he understands it. As we conceive it, the role of the instructor is essentially the same as that of the administrator, and the qualities which distinguish the successful instructor under the case method closely parallel those which distinguish the wise and practical administrator.

The process of teaching by this method may appear to require the impossible of the instructor. To be sure, the role that we have attempted to outline is not an easy one, but our own experience indicates that both the students and the instructor will make progress if the latter strives to achieve the frame of mind we have tried to describe. In time he and his students will learn to tolerate with mutual good grace their respective

imperfections and inadequacies. In due course, too, students will come to realize that their instructor is a human being and neither an animated encyclopedia, a Giver of Laws, an archangel—nor a fool.

. . . . . .

With mutual understanding and compassion for each other's inadequacies and uncertainties, student and instructor will learn from each other. Both will know more than they knew. Both will have progressed a little way in developing the administrative point of view.

So, to all instructors and students—fellow mortals—who set out together upon the arduous adventure of mutual education, outward and away from the comforting but narrow confines of the Old World of Ideas, using this casebook for their frail craft, we send our greetings! It is a difficult voyage, and we all have far to go.

NOTE

The cases and quotations included in this book have been chosen solely on the basis of their intrinsic interest for purposes of discussion.

The various points of view and the specific administrative actions set forth are not necessarily intended to represent either correct or incorrect, desirable or undesirable, administrative philosophy or behavior.

Whereas institutions for liberal education are highly beneficial to society, by forming the rising generation to virtue, knowledge, and useful literature; and thus preserving in the community a succession of men duly qualified for discharging the offices of life with usefulness and reputation; they have therefore justly merited and received the attention and encouragement of every wise and well-regulated State: . . .

And furthermore, it is hereby enacted and declared, That into this liberal and catholic institution shall never be admitted any religious tests: But, on the contrary, all the members hereof shall forever enjoy full, free, absolute and uninterrupted liberty of conscience: And that the places of Professors, Tutors, and all other officers, the President alone excepted, shall be free and open for all denominations of Protestants: And that youth of all religious denominations shall and may be freely admitted to the equal advantages, emoluments and honors of the College or University; and shall receive a like fair, generous and equal treatment, during their residence therein, they conducting themselves peaceably, and conforming to the laws and statutes thereof. And that the public teaching shall, in general, respect the sciences; and that the sectarian differences of opinions, shall not make any part of the public and classical instruction: Although all religious controversies may be studied freely, examined and explained, by the President, Professors, and Tutors, in a personal, separate and distinct manner, to the youth of any or each denomination: And above all, a constant regard be paid to, and effectual care taken of, the morals of the College.

— From THE CHARTER OF BROWN UNIVERSITY (from the text published by H. B. Brown [Providence, 1834], pages 3–4, 12. *Editorial Note by J.D.G. and R.M.H.*—This charter was granted in 1764 to the "College of Rhode Island," subsequently renamed Brown University. At the time of its granting, this charter more comprehensively and explicitly than any college charter that preceded it bound the college to the principle of religious freedom).

* * * *

Be it further enacted by the authority aforesaid, That it shall be, and it is hereby made the duty of the President, Professors and Tutors of the University at *Cambridge,* Preceptors and Teachers of Academies, and all other instructors of youth, to take diligent care, and to exert their best endeavors, to impress on the minds of children and youth committed to their care and instruction, the principles of piety, justice and a sacred regard to truth, love to their country, humanity and universal benevolence, sobriety, industry and frugality, chastity; moderation and temperance, and those other virtues which are the ornament of human society, and the basis upon which the republican Constitution is structured; and it shall be the duty of such instructors, to endeavour to lead those under their care (as their ages and capacities will admit) into a particular understanding of the tendency of the beforementioned virtues, to preserve and perfect a republican Constitution, and to secure the blessings of liberty, as well as to promote their future happiness; and the tendency of the opposite vices to slavery and ruin.

—From AN ACT TO PROVIDE FOR THE INSTRUCTION OF YOUTH, AND FOR THE PROMOTION OF GOOD EDUCATION (*Laws of Massachusetts,* 1789, II. 19. Also in *Tercentenary Edition of the General Laws of Massachusetts* [1932], I. 861 [chap. 71, sec. 30]. This paragraph is still in force [1956]. The "University at Cambridge" is, of course, Harvard).

From *THE FIRST EPISTLE TO THE CORINTHIANS**

by

SAINT PAUL

Though I speak with the tongues of men and of angels, and have not charity, I am become as sounding brass, or a tinkling cymbal.

And though I have the gift of prophecy, and understand all mysteries, and all knowledge; and though I have all faith, so that I could remove mountains, and have not charity, I am nothing.

And though I bestow all my goods to feed the poor, and though I give my body to be burned, and have not charity, it profiteth me nothing.

Charity suffereth long, and is kind; charity envieth not; charity vaunteth not itself, is not puffed up,

Doth not behave itself unseemly, seeketh not her own, is not easily provoked, thinketh no evil;

Rejoiceth not in iniquity, but rejoiceth in the truth;

Beareth all things, believeth all things, hopeth all things, endureth all things.

Charity never faileth: but whether there be prophecies, they shall fail; whether there be tongues, they shall cease; whether there be knowledge, it shall vanish away.

For we know in part, and we prophesy in part.

But when that which is perfect is come, then that which is in part shall be done away.

When I was a child, I spake as a child, I understood as a child, I thought as a child: but when I became a man, I put away childish things. For now we see through a glass, darkly; but then face to face: now I know in part; but then shall I know even as also I am known.

And now abideth faith, hope, charity, these three; but the greatest of these is charity.

* Chapter 13.

From *"FIVE-STAR SCHOOLMASTER"**

by

A. J. LIEBLING

Discussing MacArthur's command in Korea, Bradley recently said, "You can't run a campaign unless you have the feel of it, and you can't get the feel of it seven thousand miles away. The doctrine is absolutely sound. You don't even tell a corps or division commander how to do his job when you have an army. You assign a mission, and it's up to the fellow to carry it out. Of course, if you are in a position to have a look and talk it over with the guy, you may make suggestions, but he doesn't have to take them." Bradley was so faithful to this principle that, according to a colonel on General Patton's staff, when he was reduced to a "one-army Army Group" during the Ardennes battle, he declined to interfere with the tactics of that army, the Third. "It's your army, George," Bradley told Patton, according to the colonel. "You fight it."

* *The New Yorker,* March 10, 1951, p. 48. Reproduced by permission.

STUBTON COMPANY*

On his way to lunch one day in August, 1944, Ralph Shattuck,[1] foreman of the shoe department of the Stubton Company, learned from Mary, one of his first-line supervisors, that things were not going well on one of his conveyors on which a change had recently been made by the time study department. Shattuck had been in touch with this situation for some days through Mary and representatives of the time study department. From these contacts and production reports he had formed the following picture of what had happened.

At the Stubton Company a prep girl was assigned to each of the 40 conveyors on which shoes were made. Each conveyor had 13 workers and was allotted a specified number of shoes to produce each day. The job of the prep girls was to prepare the linings for the shoes for the subsequent steps in the manufacturing processes. Service boys brought them the linings in piles from the supply room. Previous to the change in the job just mentioned, the helpers of the prep girls first removed the paper that was between the linings when they were brought from the supply room. These papers, which were pressed to the linings, were sometimes difficult to tear off. Next the prep girls put cement on the linings and pressed them onto boards by sending them through pairs of rolls to the second workers on the conveyors, "strippers." The latter stripped the linings from the boards and placed them on trays at the side of the jacks on the conveyor belts. Strippers also put on the jacks the correct lasts for the shoes that were to be made, so that they were ready for subsequent operations.

Prep girls began and finished their work independently of the conveyor. Within limits, they could work as swiftly or as slowly as they liked. If they worked much faster than the speed of the conveyors allowed strippers to work, they piled their boards up and sent them through the rolls at their leisure. Prep girls could leave their positions for rest, food, or conversation with other workers when they desired.

Strippers were paced by the speed of the conveyors and could not vary their rate of work from that of the conveyors. While prep girls had some responsibility to match the linings for size, strippers were obliged

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[1] All names have been disguised.

to match lasts and linings carefully, and to use the correct sizes of each according to their specifications for the day's work. The 13 jobs on each conveyor had been set up by the company's time study department after extensive study of the steps in the manufacture of a shoe. The jobs varied little with respect to the skill or physical exertion demanded, though some of them were considered by the workers as "difficult," "heavy," or "dirty." For these reasons three workers on each conveyor had a base pay rate $1.00 a week higher than the other workers, all of whom had equal rates. All workers agreed that these three jobs merited the extra compensation, and no hard feelings about differences in the base rates existed.

When the conveyors had first been set up, prep girls had had no helpers. The first month's operation had suggested an alternative organization to the 13 workers originally planned. If prep girls had helpers, some members of the time study department thought the former would be able to fill in for any workers on the conveyor who had to leave for a few minutes. The time study engineers who supported this view claimed that their figures showed that this form of organization, by eliminating the need for extra workers and the need for supervisors to fill in on the conveyors, would lead to reduced costs in the department as a whole. Early trials of this system seemed to bear out their contention, and the whole department was placed on this basis for several months, but results had not been up to expectations. For this reason the decision had been made to return the department to its original organization. After the change, prep girls, instead of finishing their work about half an hour earlier than the other workers, were obliged to work steadily all day, as the time study department had originally planned.

In carrying out the change to the old organization, the time study department decided to proceed slowly, installing it on a few conveyors at a time. As another step to help prep girls adjust to the former conditions, the time study department had the speed of the conveyors decreased for two days. During this time workers were guaranteed their regular earnings, even though their production was below standard. On the third day the conveyors were to be set at their regular speed, and prep girls were expected to keep up their production. If they did not, and if the conveyors had to be stopped at intervals so that they could catch up, the workers would not make the scheduled output, and they would be paid only for what they actually produced.

Direct supervision of the conveyors in the first group affected by the change was the responsibility of Mary, who had been a worker herself

for 15 years and knew every job on the conveyors. Although she was respected by the workers for her efficiency, they felt no restraint in talking back to her. When Mary told the prep girls that they would no longer have helpers, their general comment was, "Just another way to get more work out of us." They questioned Mary as to the reasons for the change, and she replied, "How should I know? I do as I'm told and ask no questions, and I'd advise you to do the same."

On the first day of the new program, Mary was not around the conveyors as much as usual. One of the prep girls, Kay, was not keeping up with the reduced speed of the conveyor. It had to be stopped several times until she had work ready for the strippers. She was one of the few prep girls in the department, the only one on the first group of conveyors affected, who had been hired during the time when prep girls had helpers. Kay's relations with the other workers were friendly; in the past she had frequently helped them during her free moments. Some of them who had spare time during "skips" on the conveyor offered to help remove the paper between the linings, but Kay's only response was, "I don't want any help."

When the speed of the conveyors was increased slightly on the second day, a friend of Kay's who had previously worked in the factory happened to be visiting and helped strip the linings. This made it possible for the workers on Kay's conveyor to make their quota for that day. Kay, however, did not increase her rate of work.

On the third day when the conveyors were back at their regular speed and the workers were being paid on their regular basis, Kay continued to make no effort to speed up her work. Mary walked over and demanded, "What's the big idea, Kay? You won't get anywhere by acting this way. The sooner you snap out of it and get down to business, the better off you'll be."

"What do you think I am?" Kay replied. "I can't do all that extra work and I don't intend to."

During the morning the friendliness of the other workers began to change. They made such remarks as, "Who do you think you are?" "What are you trying to do?" "Don't you know you are holding up the whole works?"

Kay replied, "Either I have a helper, or the paper is stripped off the linings when they come to me. I'll throw up my job before I'll do all that extra work with no extra pay."

Prep girls on other conveyors who still had helpers urged, "You're darn right, Kay. Don't let them put anything over on you."

From his knowledge of the situation Shattuck believed that he would have to take some action when he got back from lunch, but he was uncertain how to proceed.

QUESTIONS

1. What, would you say, were the feelings and attitudes which each girl on the conveyor had toward each other:
   a) Prior to the discontinuance of the arrangement whereby the prep girls had helpers?
   b) After the discontinuance of that arrangement?

   What feelings did each girl have concerning herself and her job in the group during each of these two periods?
2. Did any or all of these several sets of feelings and attitudes change after the system of using helpers was discontinued? If so, in what way did they change? Why? What significance would you attach to these changes (if any) in feelings and attitudes?
3. How did the people in the time study department reach their decisions:
   a) To install the system whereby the prep girls would have helpers?
   b) To discontinue that system?

   What do you think of the way in which the people in the time study departments reached these decisions?
4. In reaching each of these decisions, what assumptions—if any—did the time study people make concerning the reactions of the girls to the change in question? Concerning the reactions of Mary? Of Shattuck? How, do you suppose, did they come to make these assumptions? What do you think of the administrative usefulness of these assumptions?
5. What do you make of the fact that the time study people decided to discontinue the use of helpers "a few conveyors at a time"? To what end was this procedure decided upon?
6. What significance do you attach to the following statements, made by Mary, when the girls questioned her as to the reasons for the change:
   a) "How should I know?"
   b) "I do as I'm told and ask no questions. . . ."?
   c) ". . . I'd advise you to do the same"?
7. What do you make of the fact that on the first day of the new program Mary was not "around the conveyors as much as usual"?
8. How would you interpret the fact that at first the other girls offered to help Kay? Why, do you think, did Kay say, "I don't want any help"?
9. What do you think of Mary's comments to Kay on the second day following the change? What do you think of Kay's reply?
10. What do you make of the apparent change of attitude during the third day of the other girls toward Kay? What do you think of Kay's reaction to their change of attitude?

11. What did the other prep girls mean when they told Kay, "Don't let them put anything over on you"? What led them to say this?
12. In your opinion, what responsibility, if any, did Kay have to the other girls on her conveyor? To the other prep girls? To Mary? To Shattuck? To the Stubton Company? Why did she have this responsibility? To what extent, if at all, would Kay agree with your views concerning her responsibility?
13. In your opinion, what responsibility, if any, toward Kay did any of the following have: The other girls on her conveyor? The other prep girls? Mary? The time study department? Shattuck? The Stubton Company?
14. What do you make of the fact that Shattuck learned about this situation from the time study people and Mary? How closely had Shattuck "been in touch with this situation"?
15. Do you agree with Ralph Shattuck's belief that he "would have to take some action when he got back from lunch"? Why, or why not? What, do you think, should be the objective of his action or inaction—in the short run? In the longer run?
16. What should be his general attitude toward the situation as suggested in the case? Toward the various individuals and groups involved? Why?
17. What, in your opinion, should be his course of action, if any? Why? What, would you expect, would be the impact of this action (or actions) or inaction on the individuals and groups concerned? Why?
18. What meaning, as you view the whole matter, does this episode, and the events and circumstances leading up to it have for the management group within the Stubton Company?

STUDENT EXAMINATION PAPERS ON THE STUBTON COMPANY

The Stubton Company case was once used as the basis of a four-hour examination at the end of the first semester of the subject "Administrative Practices." The students were asked the following questions:

> "Do you agree with Shattuck that he should take some action after lunch with reference to the foregoing series of events? If so, what, and why? Does this situation seem to you to have any meaning for the management of the company beyond the solution of the immediate crisis?"

There follow the responses of four students, "C," "D," "E," and "F" to these questions.

EXAMINATION PAPER OF STUDENT "C" ON STUBTON COMPANY

A situation has developed in the shoe department which is detrimental to both production and worker morale. Consequently, there is no doubt that Shattuck should do something to rectify this situation.

The exact course of action which he should follow depends, however, on what he wishes to accomplish. He must decide whether he is primarily interested in production and profits or whether he is interested in worker satisfaction.

It appears that the company's prime interest is in production. All major decisions on production are made by time study men and methods engineers. These could be described as "experts at getting the most out of people." These engineers consider workers in the same light as they consider machines, i.e., a means of getting out production.

People, to them, are a means to an end—the end being increased production. All their acts are motivated by this belief. The only reason they gave the "prep" girls helpers in the first place was to decrease costs and increase production—not to help the prep girls. When this increased production was not evidenced, they arbitrarily decided to return to the old system and take the helpers away again—no consideration was given to the wishes or reactions of the workers.

Mary, the supervisor, agrees with this point of view. This is shown by her saying to the girls, "I do as I am told, and ask no questions." This could be rewritten to say, "I am a means to an end and I know it." The time study men and Mary believe that all workers should take this attitude. They should all be "good soldiers." All their acts are based on this preconception. When it appears that a worker does not react this way (as is the case with Kay), their reaction

is one of annoyance and surprise: "What's the big idea Kay? You won't get anywhere acting this way."

In summary, the situation at the Stubton Company may be described in the following way. The Stubton Company is a company where production is the main objective and which is being run on a scientific-economic basis in order to get the maximum utilization from the factors of production (men and machinery). In this light, people are a means to an end, a commodity, which is used whenever and however the occasion demands.

This belief is morally wrong. It places personal profit above human wants. It is the pursuit of profit instead of the pursuit of happiness; it is the morality of Machiavelli instead of Christ.

If, however, these are the beliefs which are shared by the company and Shattuck, he has no choice but to act accordingly. He should, therefore first see whether any tangible results are gained by giving Kay and the other prep girls an increase in salary. This would be based on the Machiavellian concept that people are greedy and selfish and react to material stimuli or rewards. If this should fail, as it probably would, then he must ruthlessly fire Kay and any other insubordinate prep girl. According to Machiavelli: It is better to be cruel than kind because cruelty breeds fear and respect whereas kindness breeds contempt. And it is better to be feared than loved because love is sterile whereas fear results in obedience, respect, and action.

Should Shattuck, on the other hand, subscribe to a morality which treasures human individualism, he must follow a totally different course of action. If he believes that all workers are *individual human beings* which think, feel, and act as individual human beings he must first of all find out how they think, feel, and act. In dealing with the prep girls, he should talk to them individually instead of relying on Mary, time study men, and production reports for his information. He must set up a direct line of communication. He may then discover that all the girls want is an increase in wages as Kay said. Or he may discover that the girls lost (or think they lost) social position in the plant by no longer having helpers. Or he may discover a totally different cause for the unrest.

In any event, he should find out what the trouble is and then act upon it with the final aim being satisfying the worker. If the girls lost self-respect by losing the helper, he should restore them the helpers even though this may mean a loss in economy. The girl's self-respect is more important than the company's profits.

The next step in Shattuck's course of action should be to see to it that the girls in the future will continue to be treated like human beings instead of machines. This would necessitate taking administrative authority away from the time study and methods engineers. It would necessitate instituting methods changes only when they do not seriously harm or displease the workers. Shattuck must rid his mind of all his false preconceptions and find out how the workers really feel about any new change or issue.

This feeling of morality cannot begin and end with Shattuck, however. It must permeate its way down through the lower ranks (such as Mary) as well as upward to top management. It is bound to find serious opposition in both

quarters. This is a company-wide problem. A company cannot be moral on one end and immoral on the other.

If Shattuck chooses the course of morality, he will probably lose his position as he will find no sympathy anywhere, either above or below (except for the workers). Yet, if he believes in this kind of morality, it is his duty to risk his security for the sake of his ideals. If he does otherwise, he is a moral coward.

In the above, I have outlined two possible courses of action for Shattuck to take. The first is based upon the "police-state frame-of-mind" and the latter on a moral frame of mind. Although I know which course I would follow, I have neither the wisdom, nor the ability to tell Shattuck which course he should follow. This depends upon his personal beliefs. And who knows who is right?

EXAMINATION PAPER OF STUDENT "D" ON STUBTON COMPANY

I agree that Shattuck should take some action. Management has the responsibility to the other twelve workers to see that their efforts to obtain maximum output and, therefore, pay are not hindered by the acts of one worker, whatever the reason for these acts.

Kay

She is not used to working alone. She may not be used to the physical requirements of manual speed and dexterity that her new position requires.

She may perhaps be suffering from an inferiority complex, lack of confidence in her ability to fill the job even if she tried. She may fear the responsibility she has of starting the operation.

Again she may be just lazy, not used to putting in a full day's work.

She may be suffering from the loss of prestige that the helper meant to her. She is now merely one of the gang—required to go at least at the speed of the conveyor.

Finally, she may be a victim of that intangible "human cussidness," which a good, private "bawling out" by a superior would eliminate.

Even without a helper, she appears to have the most favorable job of the thirteen workers, being able to start and finish her work independently of the conveyor and to leave her position for relaxation when her work pile is built up. She should therefore have no complaint about her job.

The other prep girls naturally urge her on; if she is able to buck the restored plan and retain the helpers it makes an easier job for them all. That is just human nature.

Knowing how old she is, what kinds of jobs she has held before, what sort of upbringing she has had, her present home life, and what outside interests or problems she has would aid in diagnosing the reasons for her actions.

Shattuck

I assume that the job times have been fairly set and that Kay's job is no harder than the others. The workers themselves have agreed on the extra compensation of two workers. Lack of attaining standard output is therefore the fault of Kay, not of the job.

Shattuck should determine: Can she do the job—are her inherent manual dexterity, mental ability, and her training sufficient to enable her to fulfill the job requirements? If not, then transfer her to another job that she can do, or train her in an area away from her associates until she feels herself that she is capable of keeping up to the speed of the conveyor.

If she is physically and mentally able to do the job and accept its responsibilities, then try to determine the reason for her lack of performance. Examine her background. She may not be able to adjust herself emotionally to the new setup. Her loss of prestige may be such that a transfer to another department where the workers do not know her will solve the problem. Problems outside the company may be bothering her and her attitude to her work may result from this. If such is the case then Shattuck would have to be guided by the nature of her problems in his treatment of her.

If she is merely lazy or a victim of "human cussidness," a good talking to in private may have beneficial results. Failing this, it would be advisable to fire her.

The means taken by Shattuck to determine the course of Kay's mood will depend upon what he can learn from Kay herself, what he can learn from Mary and the other workers about Kay, and what he can learn through the personnel office.

His action to remedy the situation will depend upon his analysis and judgment of the information and impressions so gained.

In any case, assuming that the job is fairly set and the rest of the conveyor group are satisfied with the setup, Kay has got to keep up with the conveyor speed or be removed. She has a responsibility to the other twelve workers who are eager and conscientious enough to offer to help her. They wish to do their best to maximize their output and pay, and should not be hindered by the inability or selfishness of one girl. Management, as mentioned earlier, has the responsibility to aid the workers in their efforts whether it be by supplying them with better working conditions, better tools, better materials, or better fellow-workers.

Company

I take issue with the words "immediate crisis." Kay is typical of a type of worker that can be met in all types of jobs. Such individuals create normal personnel problems but not "crisis." They require extra attention and complicate the problems of dealing with staffs or workers. Some are chronic misfits and no amount of effort will improve them. Others are, or become, temporarily upset. With sympathetic attention and aid in adjustment they become valuable, steady, loyal associates.

The reaction of the other workers to Kay's behavior and to the conveyor setup and wage scale indicate no general antagonism to the plan or to management. This indicates favorable employee relations in the plant, to which Kay is an exception.

The company made a mistake by not removing the helpers from all the "preps" at the same time. By "proceeding slowly" they created feelings between

those "preps" who have, and those who have not helpers. This may have been the cause of Kay's complaint. If it was a good idea to remove the helpers, then show no favoritism to the "preps" but remove all helpers at the one time; treat all conveyors and "preps" alike.

If management insists on proceeding slowly, then at least show some sense by starting with prep girls who had formerly worked under the old system and were used to it rather than with a newer girl like Kay.

The situation thus seems to emphasize that the management should give more thought to its changes affecting the employees, not just on the plant level but throughout the whole organization.

To me the main problem to management is revealed in Mary's reply to the reasons for the change: "How should I know? I do as I'm told and ask no questions. . . ."

In spite of the emphasis which seems to me to be placed by this course on sentiments and lack of logical action on the part of people, I still maintain that the happiest and best workers on all levels, ditch diggers to vice presidents, are those who are fully informed on what they are doing and why they are doing it. Every person likes to see where he fits in in the total picture.

If Mary, a supervisor in the plant, is expressing her true feelings, then the company has a real problem on its hands. Management can never hope to keep itself informed of the feelings and knowledge of the workers if the latter do not feel that management is interested in them and their ideas. Without the free flow and exchange of ideas between management and the rest of the organization whether it consists of workers, technicians, students, salesmen or professional people, the organization will not be functioning as an effective unit as it could.

The management of this company should therefore take immediate steps to see that its foremen and supervisors are fully informed on the desirability of each process, and each change to each process, and that these people in turn keep the workers informed. It should also establish a means whereby suggestions, criticisms and feelings can flow from the workers upward. Such a program will do much to prevent the maladjustment and resentment that Kay characterizes.

EXAMINATION PAPER OF STUDENT "E" ON STUBTON COMPANY

Before answering the questions in the case, I think a few words of critical analysis of the Stubton Company's policies should be set down. This is done in order to serve as a basis for answering the questions asked by the case.

In the first place, I think the company can be criticized very strongly for the way in which it installed the conveyor system in the first place. From what I can gather, the system was worked out by the time study engineers, and no attempt was made by them to consult the workers for their opinions, advice, or suggestions. But the company can be criticized even more strongly, and on the same grounds, for the way in which it accomplished the first methods change—from employing no helpers to the employment of them. The time study engineers made no effort to discuss the plans with the workers, it seems,

and neither did they apparently explain too well to the workers how the new system was expected to operate. I have a mental picture of a group of time study men sitting around a table somewhere away from the conveyor arguing the theoretical things that might happen, and ought to happen, if this change were instituted. No wonder the workers seem to have the feeling that the Stubton Company is just a place to work; evidence in the case indicates that they have had little, if anything, to say about their terms and conditions of work.

A second criticism of the company arises out of the first. After having installed the new system of employing helpers for the prep girls, the management and time study department—according to the case—were dissatisfied with the results. How could they help but be? They had never, seemingly, taken the trouble to tell the workers what was expected of them under the new system. How can a worker know what is expected of him if he is never told? This trouble goes back to the same root: the workers, having nothing to say in their jobs, could hardly be expected to think of Stubton as anything other than simply a place to work. The very same criticism can be leveled at the company now for making the last change; again it was done by the time study men with no apparent attempt to find out the workers' sentiments, and the present unsatisfactory situation is all that the company could rightfully expect.

Another criticism is that of the way the company has educated its supervisors and kept them informed of what was going on. If Mary's word can be taken at face value, she had no idea why the change was being made the last time; nevertheless, she took it upon herself to admonish the workers to follow blindly whatever was done. It is certainly a remiss company which permits its supervisory force to go uninstructed. How can a company, or a foreman like Shattuck, expect his workers' intelligent co-operation when those workers' supervisors are not intelligently trained and instructed? What must the workers think of such a company, and of top management, when their own supervisor tells them she doesn't know why a change was initiated? How can such a supervisor hold the respect of her, or his, subordinates? The answer is that she can't. One of the prime requisites of a smoothly functioning organization is that it must have competent, well-instructed supervisors; Mary was certainly not well instructed, even though she may have been competent, and consequently she lost the respect of her subordinates. Mary should most certainly have been on hand the day the last change was made, and should have stayed close to the conveyors more than usual instead of less; at the moment, that was her most important job. I don't know why she wasn't there, but I think if she had been fully aware of the aims and policies of the management, she would have been there. And, I further think that if she had been there, and had been properly instructed, she might possibly have been able to do something which might have averted a large part of the present unpleasant situation. And her handling of Kay on the third day left much to be desired. Had she had a deeper understanding of human beings, she could have averted the showdown with Kay, and made it much easier for Kay to become co-operative. As it is now, Kay will probably never co-operate on the new system, for to do so after this incident would be to "lose face." And the pride in people is never overcome by reason and logic. This situation, too,

I believe, is an outgrowth of Mary's lack of training and knowledge concerning both company aims and human understanding. Whether Mary could develop the latter or not is something I am not qualified to deliver an answer upon; but at least the company could have seen to it that she did at least understand the former.

Mary, too, was a great deal like the workers, for she was never consulted before changes were made. Similarly, Shattuck never found out anything about the workers on the conveyors except through Mary and the time study department. Of these two sources, both secondary, Mary was far the better because of her closer contact with the girls. Nevertheless, Shattuck as a good administrator should have gone to the primary sources—the girls themselves. The fact that he never seems to have done this indicates to me that the gulf between workers and management was wide. Shattuck had the responsibility of bridging that gulf—which this far he has not done.

Yet another criticism of the company—specifically of Shattuck and the time study department—is the way in which the last change was made. Specifically, I think that, once it had been determined to change to the old system, every conveyor group should have been changed, instead of changing gradually. When you breed a donkey and a horse, you get a jackass; and that is precisely what Shattuck got when he attempted this hybrid system—a bucking stubborn problem of dividing the workers among themselves. The prep girls on the old system backed Kay, and she was therefore effectively split off from the workers on her conveyor system who wanted her to work harder. Had the change-over been made at once on all 40 conveyors, possibly the entire situation might have been settled with a minimum of hard feeling; not having any backing then, Kay might soon have yielded to the pressures of her fellow workers, who would have brought her into line with a minimum of interference from management. As it is now, Kay will probably remain adamant in her opposition to the new system.

Having expounded at length on what is wrong with the Stubton Company, I think a few words to balance the picture are in order here before proceeding to the questions. I do not think this company is any different from the vast majority of American companies, and I think that this situation exists primarily because the management is unaware of its existence. Shattuck seems to be a fair and honest man—at least there is no evidence to the contrary. And he would likely be vastly surprised to learn that responsibility for the root causes of the present situation lies largely with him. It is this concept of awakening on the part of formerly unseeing administrators that can do much in the future to avoid recurrences of this and similar situations.

I most certainly do agree with Shattuck that he should take some action after lunch with reference to the situation in hand. Nevertheless, I think that action should comprise the very least amount of tampering with the situation necessary to get it back into smooth running order; time healing of nasty situations like this one must come from within, not from without. Therefore, the very least that Shattuck can do to rectify the situation is the best thing he can do. Neither should he expect instantaneous results from whatever he does, for this is the sort of situation that time can do much to heal if left to her own devices.

The only thing that I can recommend absolutely for Shattuck to do is to go down to the conveyor line himself and try to ascertain from the workers what the time situation is, trying all the while to maintain an open mind (or at least as much of an open mind as he can). His decision then should be to take the course of action which seems best suited to a happy solution to the case, in line with the policy of doing the least tampering possible. He should *not* argue with the workers; but listen to what each one has to say, and try to determine in so far as he can why the workers feel the way they do.

I do not know what the answer is to the problem. It may be that by explaining the new system to the girls, by putting all the conveyors on the new system, or by transferring Kay to another department, the problem would in time die a natural death. Or he might find it wiser to return to the discarded system of the helpers, taking pains to explain to the workers where they fitted in the company and what was expected of them. At any rate, whatever he did should be predicated upon the feelings of the workers. And, in case this change-over is merely an excuse used to express discontent over some deeper and more underlying issue, Shattuck should attempt so far as possible to ascertain what those deeper causes are, and attempt to deal with them (if he can) with common sense and understanding. However, I can very definitely recommend some things to Shattuck. First, he should in the future see that his supervisors and workers are kept informed of what is going on, that they are consulted on matters affecting their jobs, and therefore made to feel more that they "belong" to the job. He should try to develop a sense of pride-in-work in the girls, a feeling of pride in working for the Stubton Company—and I think this can be done only by giving the workers more responsibility and say-so in their work than they have had in the past.

I think that all through this paper I have alluded to meanings for the management of the company beyond the solution of the immediate problem. I think it would be extremely difficult to discuss this case intelligently without weaving a thread of this sort all through the discussion. Therefore my discussion of this question will be largely a matter of bringing together several points already made.

If I were to try to reduce the significance of this case incident into terms of any one phrase, I think I would have to say that it shows the tendency on the part of management in recent years to consider their workers more as human beings with minds and souls than as one of the costs of production. It is true that Shattuck does not seem to have gone far in this direction; yet the fact that he is considering doing something in itself indicates that he is doing some thinking along the lines of workers' problems. It is this awakening on the part of management from the iron law of the past—when what the foreman or president said was law and there were no *if's, and's,* or *but's*—into the realization that workers are human beings much like themselves, that will help bridge the gulf between labor and management, and thus assure in the future industrial peace which has not been known before. It is this realization, and the putting into effect of a program of employee responsibility and dignity that will prevent the recurrence of just such situations in the future as the one the Stubton Company faces now. The initiative, though, must come from the management

side; unless management is willing and ready to work toward that goal, and is willing to delegate some authority and responsibility which the old-time employers used to consider "management prerogatives," such a policy has no chance of success. Management must trust its workers, and the only way it can show that trust is by giving those workers more responsibility, more areas for their own judgment, and by taking them in as partners on all decisions involving their own jobs.

Another significant meaning of this incident is that Shattuck ought to be extremely careful in making his decisions as to what to do, and that he ought to consult with the workers in reaching that decision (being guided as much as possible, within the limits he is capable of going to, by the wishes of the workers themselves). If he reaches a decision alone, he will not have solved the basic problem, and numerous other manifestations of unrest will crop up in the future.

This situation gives Shattuck a fine opportunity to begin a new policy in dealing with the employees under him, a policy which in a relatively short period should result in a substantial improvement in human relations in his department if carried out conscientiously. To be sure, he would make mistakes (after all, one doesn't change one's frame of mind overnight), but by constantly striving in the right direction I think much progress would be made, despite mistakes. The situation now is not particularly bad and is not incapable of remedial action; but on what Shattuck does after lunch depends whether he will have a continuing fester to deal with, or a more responsible and contented work force. If Shattuck settles this problem as I believe he should—by leaving much of the decision up to them, and by formulating a new policy of dealing with the workers—I think he would soon come to find himself with a work force in higher morale and efficiency, and that problems of this sort in the future would arise much less frequently. And when they did arise, they would be settled primarily by the workers themselves, thereby relieving management of much needless worrying and settling the problem with a minimum amount of friction.

EXAMINATION PAPER OF STUDENT "F" ON STUBTON COMPANY

The soup seemed greasier than usual, and as Mr. Shattuck maneuvered his spoon amid the islands of floating vegetables, he suddenly had a distinct feeling that he was being watched.

Now, it had been Mr. Shattuck's experience that no one was really at his best while coming to terms with a soup spoon, so the sensation of being scrutinized while in this endeavor was not overly gratifying. But upon looking up, Mr. Shattuck saw, puzzlingly, that no one was in sight.

But as he returned his gaze back to the copper-colored contents before him, he noted that the feeling persisted. If anything, it grew stronger.

As the poised spoon again broke the surface, Mr. Shattuck suddenly felt his heart drop sickeningly to the bottommost recesses of his stomach, and then skyrocket wildly up to his temples!

Some *thing*—some *one* was in his soup!

Some face—some strange (yet not wholly unfamiliar) countenance was peering at him from the depths of the bowl!

SHATTUCK: *(Hoarse whisper)* "Good God . . ."

SOUP MAN: "Now take those crackers out of your mouth when you talk—AND stop gapping!"

SHATTUCK: *(Not without a trace of frenzy)* "Oh God. . . ."

SOUP MAN: "That, I might observe, is not exactly a stimulating improvement over your first gem of conversational brilliance."

Now Mr. Shattuck, as is the case with so many of us, prided himself upon being (among other things) both "a practical man" and "a man of action."

And also (as many of us) he was a man who (although he rarely announced so publicly) had a breaking-point. No higher, nor no lower, than the common garden-variety breaking-point, you understand. But with Mr. Shattuck (as perhaps with most of us) "enough" was "enough."

And this was "too much."

It was bad enough to have the whole damn shoe department under you, and what seemed to be the whole "front office" on top of you most of the time. It was hard enough to keep 40 conveyors going and over 500 workers working and to keep the time study boys out of your hair. It was hard enough to just keep alive this day and time-rationing and all. It was hard enough to have Mary grab you on the way to lunch and tell you about the deal down on the conveyors so you could worry while you ate. It was bad enough paying 20 cents for a cup of greasy soup. But on top of this—to have somebody in *it,* somebody talking to you out of it—THAT was Too Much!

Mr. Shattuck began beating the surface of the soup wildly with his spoon. The effect was somewhat splattering.

SHATTUCK: "Get-out-of-there-God-damn-it-get-out-of-there-get-out-of-there."

SOUP MAN: "Now stop that nonsense. It's not going to do any good. You can't get rid of me that way. And besides, if anybody were to walk in now, you'd probably end up taking a trip in a nice white automobile with padded upholstery.

SHATTUCK: (*Groaning*) Oh God—Look *please* go away. Things are bad enough. I've already got worries. I've already got troubles. I don't need any more. *Please* go away.

SOUP MAN: Look, Shattuck, snap out of it. We all have troubles. That is everybody except maybe Soup Men. Did you ever stop to think that without troubles to keep it in shape, the brain might grow flabby and become sort of like a second stomach?

SHATTUCK: Huh?

SOUP MAN: Well, the more I think about it, the less I understand that last one, myself. I suppose even Soup Men can get their thoughts fouled up sometimes.

SHATTUCK: *(Recovering somewhat)* Look—I'm busy. I've only got a little while to eat. Like I told you, I've troubles of my own. You've ruined my soup—my lunch. Now for God's sake get. (*Afterthought*) Just who-in-the-hell are you anyway?

SOUP MAN: Well, I hate to sound like a soap opera, but honestly my name *isn't* important. People who worry about pinning down my identity usually become so engrossed in that, that they forget all about my functions.

SHATTUCK: Which are . . . .?

SOUP MAN: Well, let's put it this way. Let's say I'm an expediter—or better yet, let's say I'm a sort of "Trouble Shooter." Now let me explain. First, everybody has problems, or troubles—decisions to make—wrongs to right, etc. Like your deal regarding Kay on the assembly line.

SHATTUCK: Go on.

SOUP MAN: Well now actually no one, facing one of these endless series of problems which make up our daily lives can really draw on any actual help other than what's already inside him. Understand? No books, no formulas. Just what we already have and already are, and what our experience and reason make us. Now my job is just this. I offer a person the chance to confer with someone before he makes his final decision—to test his theories against theirs.

SHATTUCK: "But you just said that no one could . . . ."

SOUP MAN: Wait a minute—you didn't let me finish—I offer each person the chance to confer with the one and the *only* person who can help them. Namely—themselves."

SHATTUCK: Huh? Look that's crazy—nobody's going to "confer" with himself or "test theories" against himself. Even if you did, you wouldn't get any where. You'd just say the same thing back to yourself. You'd . . .

SOUP MAN: There's where you're wrong. Let's try it on this deal regarding Kay. I think maybe you'll be surprised what can come from "conferring with yourself."

SHATTUCK: Well—O.K.

SOUP MAN: Oh one other thing—you'll not only have to confer with yourself. But you'll also have to act as judge between the conferees.

SHATTUCK: Huh?

SOUP MAN: Oh, it may not be so easy as it sounds. But you know what it takes to be a good judge, don't you?

SHATTUCK: I'm not sure.

SOUP MAN: Well Thomas Hobbes put it pretty well in his *Leviathan.* He said, among other things, that a good judge was the one who would

> "Be able in judgment to divest himself of all fear, anger, hatred, love, compassion . . . (and have) the patience to hear, diligent attention in hearing, the memory to retain, digest and apply what he hath heard."

SHATTUCK: I can see how that might be hard—especially when you're judging yourself.

SOUP MAN: Well, let's try. I'll take one of the roles, and you take the other. But remember, both of us *actually* will be you.

SHATTUCK: It sounds awfully . . .

SOUP MAN: Well, I suppose the first matter at hand, or at least a starting point, is Kay.

SHATTUCK: Agreed.

SOUP MAN: Well, what's the deal?

SHATTUCK: Well, I guess I'll drop around and talk to her after lunch.

SOUP MAN: Now wait a minute. That's sort of an answer, or at least a course of action. We don't generally come to that quite so soon, Shattuck. We usually try and straighten a few things out beforehand.

SHATTUCK: What's there to straighten out except how best to talk to her?

SOUP MAN: Did you have that in mind right after Mary talked to you?

SHATTUCK: Well, no . . . I didn't know what would be the best course of action. I guess maybe I still don't.

SOUP MAN: If you did talk to her, what questions would you like to ask her?

SHATTUCK: Well, maybe ask her what's wrong—what the trouble is.

SOUP MAN: Ever stop to think what questions Kay might like to ask you—or perhaps better yet, what questions you might ask yourself?

SHATTUCK: Well, no—what kind of questions? What should I ask myself?

SOUP MAN: Well, I don't know myself, exactly, just feel things out. Just try and set up a backdrop for your mind. Consider things that have happened. Don't just recall how they seemed to *you.* Ponder on how they might seem to *others* who view them from another vantage point and through other lenses.

SHATTUCK: People like Kay, you mean?

SOUP MAN: People like Kay, or Mary, or the time-study men—anybody. Just get away from the feeling that your brain lobes are the axis upon which the whole world spins. If you want, even try to dope out some absolutes—just remembering that even an absolute is generally "absolute" only for the brain that fathered it.

SHATTUCK: I'm afraid maybe I've lost the thread here. Maybe you'd better give me some examples.

SOUP MAN: Well, here goes. Ask yourself to review the events of the past few months just relative to the conveyor line. Check?

SHATTUCK: O.K.

SOUP MAN: Now let's take some in rapid fire order, just to get perspective. Don't bother about answering them now. You can do that later. Maybe some of the answers you don't know. Maybe some of them you can find out. Maybe others you can't. But just knowing that these questions do exist may be enough to give you some clues.

SHATTUCK: Go on.

SOUP MAN: Well, here goes. Was it really wise to make the change in the organization of the conveyor crews originally? What factors were considered beside the estimates of the time-study department? How did hiring helpers for the prep girls serve to "eliminate the need for extra workers"?

SHATTUCK: Well, let me think . . .

SOUP MAN: *(Continuing)* What reaction did you personally expect on the other workers when the prep girls were given helpers? What reaction do you feel actually did result? Did that reaction in any way contribute to the new system not working up to expectations? If not that—then what other factors caused the failure? And also, who actually made all these decisions? Did you have a say in it? Did the supervisors? Did any of the workers themselves?

SHATTUCK: Now look, I can explain how . . .

SOUP MAN: Did everyone understand how the time department (right or wrong) planned for the new system to work? Did the prep girls, as well as the other workers know that "helping out" was now an integral part of their job—and not just a "favor"? Did anyone check up to see if the prep girls were, in fact, helping out and relieving others on the conveyors as required? Do you think that Mary did this?

SHATTUCK: Well, I suppose I could ask . . .

SOUP MAN: *(Continuing)* Are you certain that none of the other workers felt that maybe they should have the helper and the chance to more or less break into the monotony of their daily work? Particularly those in the "rough, dirty" jobs?

When Kay came to work, was she carefully told about the dual nature of her job—the reason for her helper and the resultant free time? And when it was decided to change back to the old system after several months, how and by whom was that decision made? Did you or any one else consider the effect upon the workers? Did anyone ask Kay, for example, what her feelings might be?

And when you did go back on the old system, what happened to the forty people who had been hired as helpers? Did anyone consider any possible obligation toward them?

Why did the time-study department get somewhat defensive about the whole thing? Why the slower pace during the first two days back on the old system, particularly if the work load on the prep girls was not unreasonable? If that slower pace was really only an attempt to be fair, did anyone consider the possible reaction?

SHATTUCK: Now wait a second—I have a few I'd like to ask.

What about the other prep girls on the first group to readopt the old method? Do they feel as Kay says she does? Or is Kay's reaction due solely to her never having had to remove the paper and looking upon it as some menial task beneath her? Which is it—is Kay *unable* to do the extra work, or is she *unwilling* to do it without extra pay?

SOUP MAN: What about the extra pay idea? How did it get started anyway? Who are the three workers on each line who draw the extra 20 cents a day? How "rough" is a job to merit 20 cents a day extra?

SHATTUCK: Then again I wonder why it was that Kay said she didn't want any help when her co-workers offered it, but accepted it from her friend the next day.

SOUP MAN: What about Mary, do you think she helps in this situation? Did she know any reason for the change when Kay asked her? If not, why didn't she? Do you believe the situation merited any explanation to the supervisors?

SHATTUCK: I wonder if Mary's talking to Kay did any good, or if perhaps something in her tone put Kay further on the defensive.

SOUP MAN: What about the other workers on Kay's conveyor? Do you think that they, rather than you or Mary, could most effectively deal with Kay if indeed Kay is at fault?

SHATTUCK: I'd like to know just exactly what was on Kay's mind. But I can't help but wondering if any action from me just now—while Kay is still "up-in-arms" might not maneuver us both into a spot. I wonder if perhaps after Kay becomes more proficient at the art of pulling the paper from the linings, her attitude might change of its own accord, particularly if she knows that her actions are holding the others' pay back. I wonder if it would perhaps have been better to have not included Kay in the first group making the change. Perhaps if the other, more experienced prep girls had reverted to the old system without protest, Kay might have done the same when her turn came along. Or maybe the whole setup was wrong. Maybe the company should—I wonder if I should talk to Mary and suggest that she adopt a somewhat different attitude with Kay —perhaps offer to help her until Kay gets used to the additional work with the paper, and the greater demands upon her time and freedom during working hours.

Or do you think it would be better if . . .

Mr. Shattuck looked down. The soup was still there, and across its surface, the crinkly threads of a parchment-like "crust" were beginning to form. But underneath that latticework, no face was to be seen. And the only sounds were those of his own unanswered questions.

Mr. Shattuck glanced up, and saw Jim Currie approaching, the fresh soup on his tray sending up a small signal of smoke as he walked.

CURRIE: Hi, Shat? How go the shoes?

SHATTUCK: *(After one last glance at his own bowl)* Hi, Bill. I'm sorry, I guess I didn't hear.

CURRIE: Hey Shat—what goes? I been watching you, while I was in line, all concentrating away. What're you doing? Talking to yourself?

SHATTUCK: *(Rising)* I guess you might call it that. Look, Bill, you've got to excuse me. I've got to go get the answers to some questions.

CURRIE: *(Musing)* Now what in the hell is he going upstairs for? There won't be anybody up there to ask questions, except himself.

From *MANAGEMENT AND THE WORKER**

by

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with the assistance and collaboration of
HAROLD A. WRIGHT

THE TWO MAJOR FUNCTIONS OF AN INDUSTRIAL ORGANIZATION

An industrial organization may be regarded as performing two major functions, that of producing a product and that of creating and distributing satisfactions among the individual members of the organization. The first function is ordinarily called economic. From this point of view the functioning of the concern is assessed in such terms as cost, profit, and technical efficiency. The second function, while it is readily understood, is not ordinarily designated by any generally accepted word. It is variously described as maintaining employee relations, employee good will, co-operation, etc. From this standpoint the functioning of the concern is frequently assessed in such terms as labor turnover, tenure of employment, sickness and accident rate, wages, employee attitudes, etc. The industrial concern is continually confronted, therefore, with two sets of major problems: (1) problems of external balance, and (2) problems of internal equilibrium. The problems of external balance are generally assumed to be economic; that is, problems of competition, adjusting the organization to meet changing price levels, etc. The problems of internal equilibrium are chiefly concerned with the maintenance of a kind of social organization in which individuals and groups through working together can satisfy their own desires.

Ordinarily an industrial concern is thought of primarily in terms of its success in meeting problems of external balance, or if the problems of internal equilibrium are explicitly recognized they are frequently assumed to be separate from and unrelated to the economic purpose of the enterprise. Producing an article at a profit and maintaining good employee relations are frequently regarded as antithetical propositions. The results of the studies which have been reported indicated, however,

* Cambridge, Mass.: Harvard University Press, 1939, pp. 552–62. Quoted by permission of the President and Fellows of Harvard College.

that these two sets of problems are interrelated and interdependent. The kind of social organization which obtains within a concern is intimately related to the effectiveness of the total organization. Likewise, the success with which the concern maintains external balance is directly related to its internal organization.

A great deal of attention has been given to the economic function of industrial organization. Scientific controls have been introduced to further the economic purposes of the concern and of the individuals within it. Much of this advance has gone on in the name of efficiency or rationalization. Nothing comparable to this advance has gone on in the development of skills and techniques for securing co-operation, that is, for getting individuals and groups of individuals working together effectively and with satisfaction to themselves. The slight advances which have been made in this area have been overshadowed by the new and powerful technological developments of modern industry.

THE TECHNICAL ORGANIZATION OF THE PLANT

In looking at an industrial organization as a social system it will first be necessary to examine the physical environment, for this is an inseparable part of any organization. The physical environment includes not only climate and weather, but also that part of the environment which is owned and used by the organization itself, namely, the physical plant, tools, machines, raw products, and so on. This latter part of the factory's physical environment is ordered and organized in a certain specified way to accomplish the task of technical production. For our purposes, therefore, it will be convenient to distinguish from the human organization this aspect of the physical environment of an industrial plant and to label it the "technical organization of the plant." This term will refer only to the logical and technical organization of material, tools, machines, and finished product, including all those physical items related to the task of technical production.

The two aspects into which an industrial plant can be roughly divided—the technical organization and the human organization—are interrelated and interdependent. The human organization is constantly molding and re-creating the technical organization either to achieve more effectively the common economic purpose or to secure more satisfaction for its members. Likewise, changes in the technical organization require an adaptation on the part of the human organization.

THE HUMAN ORGANIZATION OF THE PLANT

In the human organization we find a number of individuals working together toward a common end: the collective purpose of the total organization. Each of these individuals, however, is bringing to the work situation a different background of personal and social experiences. No two individuals are making exactly the same demands of their job. The demands a particular employee makes depend not only upon his physical needs but upon his social needs as well. These social needs and the sentiments associated with them vary with his early personal history and social conditioning as well as with the needs and sentiments of people closely associated with him both inside and outside of work.

THE INDIVIDUAL

It may be well to look more closely at the sentiments the individual is bringing to his work situation. Starting with a certain native organic endowment the child is precipitated into group life by the act of birth. The group into which the child is born is not the group in general. The child is born into a specific family. Moreover, this specific family is not a family in isolation. It is related in certain ways to other families in the community. It has a certain cultural background—a way of life, codes and routines of behavior, associated with certain beliefs and expectations. In the beginning the child brings only his organic needs to this social milieu into which he is born. Very rapidly he begins to accumulate experience. This process of accumulating experience is the process of assigning meanings to the socio-reality about him; it is the process of becoming socialized. Much of the early learning period is devoted to preparing the child to become capable of social life in its particular group. In preparing the child for social participation the immediate family group plays an important role. By the particular type of family into which the child is born he is "conditioned" to certain routines of behavior and ways of living. The early meanings he assigns to his experience are largely in terms of these codes of behavior and associated beliefs. As the child grows up and participates in groups other than the immediate family his meanings lose, although never quite entirely, their specific family form. This process of social interaction and social conditioning is never-ending and continues from birth to death. The adult's evaluation of his surroundings is determined in a good part by the system of human interrelations in which he has participated.

THE SOCIAL ORGANIZATION OF THE PLANT

However, the human organization of an industrial plant is more than a plurality of individuals, each motivated by sentiments arising from his own personal and private history and background. It is also a social organization, for the members of an industrial plant—executives, technical specialists, supervisors, factory workers, and office workers—are interacting daily with one another and from their associations certain patterns of relations are formed among them. These patterns of relations, together with the objects which symbolize them, constitute the social organization of the industrial enterprise. Most of the individuals who live among these patterns come to accept them as obvious and necessary truths and to react as they dictate. Both the kind of behavior that is expected of a person and the kind of behavior he can expect from others are prescribed by these patterns.

If one looks at a factory situation, for example, one finds individuals and groups of individuals who are associated at work acting in certain accepted and prescribed ways toward one another. There is not complete homogeneity of behavior between individuals or between one group of individuals and another, but rather there are differences of behavior expressing differences in social relationship. Some relationships fall into routine patterns, such as the relationship between superior and subordinate or between office worker and shop worker. Individuals conscious of their membership in certain groups are reacting in certain accepted ways to other individuals representing other groups. Behavior varies according to the stereotyped conceptions of relationship. The worker, for example, behaves toward his foreman in one way, toward his first-line supervisor in another way, and toward his fellow worker in still another. People holding the rank of inspector expect a certain kind of behavior from the operators—the operators from the inspectors. Now these relationships, as is well known from everyday experiences, are finely shaded and sometimes become complicated. When a person is in the presence of his supervisor alone he usually acts differently from the way he acts when his supervisor's supervisor is also present. Likewise, his supervisor acts toward him alone quite differently from the way he behaves when his own supervisor is also there. These subtle nuances of relationship are so much a part of everyday life that they are commonplace. They are taken for granted. The vast amount of social conditioning that has taken place by means of which a person maneuvers himself gracefully through the intricacies of these finely shaded social distinctions is seldom explic-

itly realized. Attention is paid only when a new social situation arises where the past social training of the person prevents him from making the necessary delicate interpretations of a given social signal and hence brings forth the "socially wrong" response.

In the factory, as in any social milieu, a process of social evaluation is constantly at work. From this process distinctions of "good" and "bad," "inferior" and "superior," arise. This process of evaluation is carried on with simple and ready generalizations by means of which values become attached to individuals and to groups performing certain tasks and operations. It assigns to a group of individuals performing such and such a task a particular rank in the established prestige scale. Each work group becomes a carrier of social values. In industry with its extreme diversity of occupations there are a number of such groupings. Any noticeable similarity or difference, not only in occupation but also in age, sex, and nationality, can serve as a basis of social classification, as, for example, "married women," the "old-timer," the "white-collared" or clerical worker, the "foreign element." Each of these groups, too, has its own value system.

All the patterns of interaction that arise between individuals or between different groups can be graded according to the degree of intimacy involved in the relationship. Grades of intimacy or understanding can be arranged on a scale and expressed in terms of "social distance." Social distance measures differences of sentiment and interest which separate individuals or groups from one another. Between the president of a company and the elevator operator there is considerable social difference, more for example than between the foreman and the benchworker. Social distance is to social organization what physical distance is to physical space. However, physical and social distance do not necessarily coincide. Two people may be physically near but socially distant.

Just as each employee has a particular physical location, so he has a particular social place in the total social organization. But this place is not so rigidly fixed as in a caste system. In any factory there is considerable mobility or movement. Movement can occur in two ways: the individual may pass from one occupation to another occupation higher up in the prestige scale; or the prestige scale itself may change.

It is obvious that these scales of value are never completely accepted by all the groups in the social environment. The shop worker does not quite see why the office worker, for example, should have shorter hours of work than he has. Or the newcomer, whose efficiency on a particular

job is about the same, but whose hourly rate is less than that of some old-timer, wonders why service should count so much. The management group, in turn, from the security of its social elevation, does not often understand what "all the fuss is about."

As was indicated by many of the studies, any person who has achieved a certain rank in the prestige scale regards anything real or imaginary which tends to alter his status adversely as something unfair or unjust. It is apparent that any move on the part of the management may alter the existing social equilibrium to which the employee has grown accustomed and by means of which his status is defined. Immediately this disruption will be expressed in sentiments of resistance to the real or imagined alterations in the social equilibrium.

From this point of view it can be seen how every item and event in the industrial environment becomes an object of a system of sentiments. According to this way of looking at things, material goods, physical events, wages, hours of work, etc., cannot be treated as things in themselves. Instead they have to be interpreted as carriers of social value. The meanings which any person in an industrial organization assigns to the events and objects in his environment are often determined by the social situation in which the events and objects occur. The significance to an employee of a double-pedestal desk, of a particular kind of pencil, or of a handset telephone is determined by the social setting in which these objects appear. If people with double-pedestal desks supervise people with single-pedestal desks, then double-pedestal desks become symbols of status or prestige in the organization. As patterns of behavior become crystallized, every object in the environment tends to take on a particular social significance. It becomes easy to tell a person's social place in the organization by the objects which he wears and carries and which surround him. In these terms it can be seen how the introduction of a technical change may also involve for an individual or a group of individuals the loss of certain prestige symbols and, as a result, have a demoralizing effect.

From this point of view the behavior of no one person in an industrial organization, from the very top to the very bottom, can be regarded as motivated by strictly economic or logical considerations. Routine patterns of interaction involve strong sentiments. Each group in the organization manifests its own powerful sentiments. It is likely that sometimes the behavior of many staff specialists which goes under the name of "efficiency" is as much a manifestation of a very strong sentiment—the

sentiment or desire to originate new combinations—as it is of anything strictly logical.

This point of view is far from the one which is frequently expressed, namely, that man is essentially an economic being carrying around with him a few noneconomic appendages. Rather, the point of view which has been expressed here is that noneconomic motives, interests, and processes, as well as economic, are fundamental in behavior in business, from the board of directors to the very last man in the organization. Man is not merely—in fact is very seldom—motivated by factors pertaining strictly to facts or logic. Sentiments are not merely things which man carries around with him as appendages. He cannot cast them off like a suit of clothes. He carries them with him wherever he goes. In business or elsewhere, he can hardly behave without expressing them. Moreover, sentiments do not exist in a social vacuum. They are the product of social behavior, of social interaction, of the fact that man lives his life as a member of different groups. Not only does man bring sentiments to the business situation because of his past experiences and conditioning outside of business, but also as a member of a specific local business organization with a particular social place in it he has certain sentiments expressing his particular relations to it.

According to this point of view, every social act in adulthood is an integrated response to both inner and outer stimuli. To each new concrete situation the adult brings his past "social conditioning." To the extent that this past social conditioning has prepared him to assimilate the new experience in the culturally accepted manner, he is said to be "adjusted." To the extent that his private or personal view of the situation is at variance with the cultural situation, the person is called "maladjusted."

THE FORMAL ORGANIZATION OF THE PLANT

The social organization of the industrial plant is in part formally organized. It is composed of a number of strata or levels which differentiate the benchworker from the skilled mechanic, the group chief from the department chief, and so on. These levels are well defined and all the formal orders, instructions, and compensations are addressed to them. All such factors taken together make up the formal organization of the plant. It includes the systems, policies, rules, and regulations of the plant which express what the relations of one person to another are supposed to be in order to achieve effectively the task of technical produc-

tion. It prescribes the relations that are supposed to obtain within the human organization and between the human organization and the technical organization. In short, the patterns of human interrelations, as defined by the systems, rules, policies, and regulations of the company, constitute the formal organization.

The formal organization of an industrial plant has two purposes: it addresses itself to the economic purposes of the total enterprise; it concerns itself also with the securing of co-operative effort. The formal organization includes all the explicitly stated systems of control introduced by the company in order to achieve the economic purposes of the total enterprise and the effective contribution of the members of the organization to those economic ends.

THE INFORMAL ORGANIZATION OF THE PLANT

All the experimental studies pointed to the fact that there is something more to the social organization than what has been formally recognized. Many of the actually existing patterns of human interaction have no representation in the formal organization at all, and others are inadequately represented by the formal organization. This fact is frequently forgotten when talking or thinking about industrial situations in general. Too often it is assumed that the organization of a company corresponds to a blueprint plan or organization chart. Actually, it never does. In the formal organization of most companies little explicit recognition is given to many social distinctions residing in the social organization. The blueprint plans of a company show the functional relations between working units, but they do not express the distinctions of social distance, movement, or equilibrium previously described. The hierarchy of prestige values which tends to make the work of men more important than the work of women, the work of clerks more important than the work at the bench, has little representation in the formal organization; nor does a blueprint plan ordinarily show the primary groups, that is, those groups enjoying daily face-to-face relations. Logical lines of horizontal and vertical co-ordination of functions replace the actually existing patterns of interaction between people in different social places. The formal organization cannot take account of the sentiments and values residing in the social organization by means of which individuals or groups of individuals are informally differentiated, ordered, and integrated. Individuals in their associations with one another in a factory build up personal relationships. They form into informal groups, in

terms of which each person achieves a certain position or status. The nature of these informal groups is very important, as has been shown in the Relay Assembly Test Room and in the Bank Wiring Observation Room.

It is well to recognize that informal organizations are not "bad," as they are sometimes assumed to be. Informal social organization exists in every plant, and can be said to be a necessary prerequisite for effective collaboration. Much collaboration exists at an informal level, and it sometimes facilitates the functioning of the formal organization. On the other hand, sometimes the informal organization develops in opposition to the formal organization. The important consideration is, therefore, the relation that exists between formal and informal organizations.

To illustrate, let us consider the Relay Assembly Test Room and the Bank Wiring Observation Room. These two studies offered an interesting contrast between two informal working groups; one situation could be characterized in almost completely opposite terms from the other. In the Relay Assembly Test Room, on the one hand, the five operators changed continuously in their rate of output up and down over the duration of the test, and yet in a curious fashion their variations in output were insensitive to many significant changes introduced during the experiment. On the other hand, in the Bank Wiring Observation Room output was being held relatively constant and there existed a hypersensitivity to change on the part of the worker—in fact, what could almost be described as an organized opposition to it.

It is interesting to note that management could draw from these studies two opposite conclusions. From the Relay Assembly Test Room experiment they could argue that the company can do almost anything it wants in the nature of technical changes without any perceptible effect on the output of the workers. From the Bank Wiring Observation Room they could argue equally convincingly that the company can introduce hardly any changes without meeting a pronounced opposition to them from the workers. To make this dilemma even more striking, it is only necessary to recall that the sensitivity to change in the one case occurred in the room where no experimental changes had been introduced whereas the insensitivity to change in the other case occurred in the room where the operators had been submitted to considerable experimentation. To settle this question by saying that in one case the situation was typical and in the other case atypical of ordinary shop conditions would be to beg the question, for the essential difference between the two situ-

ations would again be missed. It would ignore the social setting in which the changes occurred and the meaning which the workers themselves assigned to the changes.

Although in both cases there were certain informal arrangements not identical with the formal setup, the informal organization in one room was quite different from that in the other room, especially in its relation to the formal organization. In the case of the Relay Assembly Test Room there was a group, or informal organization, which could be characterized as a network of personal relations which had been developed in and through a particular way of working together; it was an organization which not only satisfied the wishes of its members but also worked in harmony with the aims of management. In the case of the Bank Wiring Observation Room there was an informal organization which could be characterized better as a set of practices and beliefs which its members had in common—practices and beliefs which at many points worked against the economic purposes of the company. In one case the relation between the formal and informal organization was one of compatibility; in the other case it was one of opposition. Or to put it in another way, collaboration in the Relay Assembly Test Room was at a much higher level than in the Bank Wiring Observation Room.

The difference between these two groups can be understood only by comparing the functions which their informal organizations performed for their members. The chief function of the informal group in the Bank Wiring Observation Room was to resist changes in their established routines of work or personal interrelations. This resistance to change, however, was not the chief function of the informal group in the Relay Assembly Test Room. It is true that at first the introduction of the planned changes in the test room, whether or not these changes were logically in the direction of improvement, was met with apprehension and feelings of uneasiness on the part of the operators. The girls in the beginning were never quite sure that they might not be victims of the changes.

In setting up the Relay Assembly Test Room with the object of studying the factors determining the efficiency of the worker, many of the methods and rules by means of which management tends to promote and maintain efficiency—the "bogey," not talking too much at work, etc.—were, in effect, abrogated. With the removal of this source of constraint and in a setting of heightened social significance (because many of the changes had differentiated the test room girls from the regular

department and as a result had elevated the social status within the plant of each of the five girls) a new type of spontaneous social organization developed. Social conditions had been established which allowed the operators to develop their own values and objectives. The experimental conditions allowed the operators to develop openly social codes at work and these codes, unhampered by interference, gave a sustained meaning to their work. It was as if the experimenters had acted as a buffer for the operators and held their work situation steady while they developed a new type of social organization. With this change in the type of social organization there also developed a new attitude toward changes in their working environment. Toward many changes which constitute an unspecified threat in the regular work situation the operators became immune. What the Relay Assembly Test Room experiment showed was that when innovations are introduced carefully and with regard to the actual sentiments of the workers, the workers are likely to develop a spontaneous type of informal organization which will not only express more adequately their own values and significances but also is more likely to be in harmony with the aims of management.

Although all the studies of informal organization at the Hawthorne Plant were made at the employee level, it would be incorrect to assume that this phenomenon occurs only at that level. Informal organization appears at all levels, from the very bottom to the very top of the organization.[1] Informal organization at the executive level, just as at the work level, may either facilitate or impede purposive co-operation and communication. In either case, at all levels of the organization informal organizations exist as a necessary condition for collaboration. Without them formal organization could not survive for long. Formal and informal organizations are inter-dependent aspects of social interaction.

[1] C. I. Barnard, *The Functions of the Executive* (Cambridge, Mass.: Harvard University Press, 1938), pp. 223–24.

LAMSON COMPANY*

The Lamson Company[1] was a small independent oil company, producers of a variety of oil products which they distributed throughout a midwestern territory covering parts of three states. The headquarters and refinery of the company were located in Cincinnati, Ohio. Part of the refinery equipment of the Lamson Company consisted of two distillation towers, designated as Towers 1D and 2D. These towers served the function of distilling crude oil under heat and pressure into a variety of petroleum components, which were, in turn, further refined and processed with other equipment. The operation of each of the distillation towers was controlled by means of semiautomatic equipment that was housed in a control building adjacent to the towers.

Each tower required for its operation a three-man crew for each eight-hour shift. The units were run not only three shifts a day but seven days a week. The crew spent most of their working time in the control house, making adjustments to the control apparatus, doing minor repair work when trouble arose, and performing routine maintenance work.

Henry McMahon, crew foreman, supervised all the crews working on Tower 1D. Andrew Kirk supervised the crews on Tower 2D. Both of these supervisors, in turn, reported to the distillation foreman, Samuel Wood.

In 1941 the Lamson Company decided to make certain changes in the plant which entailed training some of the personnel for different types of jobs. The company decided to construct a new distillation tower, incorporating many new technological improvements that were not present in the older existing towers. Among other innovations, the new installation was to include a radically different type of control equipment which was both more intricate and more fully automatic than the older equipment. Because of these modifications in the new tower, the management decided to give a training course for the crew members who would be selected to operate and maintain the new equipment. The training course material was prepared and presented by one

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[1] All names have been disguised.

of the company's younger engineers, William Downes, with the constant help and guidance of the engineers designing the new tower.

In the selection of men for this course, Samuel Wood made a careful canvass of the entire operating and maintenance force throughout the refinery, and, in general, chose only outstanding men, since higher management, based on information from the designers, felt that a new unit of this type, which was of such vital importance in its functioning, should be well handled. Also, since the equipment was the first of its kind in the country, it would, no doubt, receive considerable attention. He finally selected 12 crewmen to take the course.

During the extended course the entire group, including the instructor and the representatives of the designers, became very closely knit. Changes were constantly being made by the designers which added to the problems of the students. At the completion of the course, the students and the instructor held a "graduating" dinner among themselves. This "graduation" was subsequently celebrated every year by a dinner sponsored and attended by the original group in the course.

After several delays, due to war conditions, the new equipment was finally placed in service. It was operated as Distillation Unit 3D under the supervision of William Downes, who, in turn, reported to Samuel Wood.

The type of work required on the new equipment was considerably different from that on the older units, being more in the nature of a white-collar job. For example, work on the new equipment was cleaner than on the old equipment, as a considerable amount of dirty routine maintenance work was eliminated. Another new feature was that special ventilating equipment was installed to provide filtered air in the control house in order to keep down dust and dirt. Fans were also installed to give additional circulation of air.

As the work proceeded, Wood noticed that the men seemed highly interested in their jobs. They made many suggestions for improvements in order to eliminate some of the "bugs" that showed up in the equipment in the early stages. The designer accepted many of these suggestions. Some of the men felt that they were "even doing engineering work." Wood was pleased with the operating results obtained from the new unit.

After some months' experience in operating the new unit, the management felt that it would be necessary to train six additional men on this type of equipment to care for turnover, absences and vacations of

the regular crew. Such a plan, however, meant that since 18 men would not be needed at all times, some of the group would have to spend part of their time working on the older type towers.

After plans had been discussed, and the training program for the six new men had started, Wood received the following letter addressed to his home and signed by the 12 original crewmen of the 3D unit. In addition to the letter to Samuel Wood, copies were mailed out simultaneously to William Downes, as well as Wood's superiors in the next four higher levels of authority. In each case the letter was mailed to the home address, signed personally by all 12 men and bore the names of all the recipients.

December 7, 1944

To: MESSRS. LYNCH
YOUNG
TURNER
STEPHENS
WOOD
DOWNES

GENTLEMEN:

This letter is being addressed to you to direct your attention to a problem confronting the crew members at the 3D Distillation Unit.

Plans are being made to combine the operating work of all three distillation units. We believe a proper understanding on your part of our feeling toward these plans will serve to circumvent what possibly could become an unpleasant situation.

First. We are agreed, that had we known three years ago, when we were informed of this job, that such a proposition as the above was contemplated, we surely would have made every effort to stay where we then were. Because of the fact that the type of equipment was new, the methods, the whole job itself modern, we were led to believe a chance to work in such would be an advancement.

Second. On the day of our induction into the training course for the new unit, we were informed that the system was so unlike anything we had ever experienced that a close application to the job, frequent "refresher courses," and much diligent study would be required of us in order to stay on top of the job. In the 33 months since that day we have experienced nothing to disprove this statement. To the contrary.

Third. Not one of us feels that he has mastered all parts of his job to such a degree that he could retain the knowledge he has acquired, if forced to divide his attention between two other dissimilar units. None of us feels sufficiently experienced in all normal job assignments in the new unit to merit the title of "all around men." Add to this the fact that no training has been given on many miscellaneous and routine problems of the job, and it will become evident that further dilution of job contact is inimical to giving the kind of service that all informed persons declare is imperative with this type of equipment.

Fourth. If we consider the money spent on training men for this job as an investment in good results, then any plan that would tend to depreciate that investment prematurely would be, to say the least, unwise and inefficient.

However, we realize that the training of additional men for the new unit is good insurance, and we believe that the six men now in school can receive their "on the job" training and at the same time be used to relieve the present force for refresher courses and during vacations. We have been given to understand that it would be dangerous to spread our 12 men as thin as was done last summer. So it would seem that more men could be used to advantage.

Finally, while not wishing to appear critical of a proposal which, no doubt, is well meant, we do not want to minimize the intensity of feeling which this proposal has aroused in our group. We trust that you will take this letter as it is intended, that is, as a sincere expression of a group of workmen having the best interest of our job at heart.

Respectfully submitted,

STUDENT REPORTS ON THE LAMSON COMPANY

The Lamson Company case was given to the students as a written report assignment. The question asked was:

> "How do you interpret the events described in the case? What, if anything, should Samuel Wood do upon receipt of the letter dated December 7, 1944?"

The reports of two of the students are reproduced in the following pages. Neither of these reports represents the "typical" student reaction. These two reports were selected for inclusion in the casebook on the basis of their interest as subjects of discussion.

REPORT OF STUDENT "A" ON LAMSON COMPANY

In first approaching this case, it is necessary to understand exactly what the problem is that has arisen in the Lamson Company, and next, in logical sequence, the course of events must be traced which precipitated a problem of this nature. Lastly, realizing the problem and how it occurred, the ultimate step is a solution of some sort to this problem. But it must be remembered that from the limited facts in the case I will be making certain assumptions, whether correct or incorrect, that are necessary if any type of solution is to be forthcoming. In certain instances it, too, will be necessary to project alternative assumptions and solutions since certain phrases and sentences do have very ambiguous interpretations.

The problem can be stated as follows. Both the twelve crew men on the 3D Tower and management of the Lamson Company are in full accord—that six new men must be trained in order to help carry the work load on this new installation, but the problem is, how are these six additional men to be trained? As I have stated previously, in order to arrive at the crux of the problem, the first course of action to take is to trace the chain of events. Unfortunately in doing this, it is essential that certain facts be repeated that are already stated in this case.

In summarizing these events, it is important to picture clearly the various positions held by the men in the Lamson Company. Exhibit 1 shows the organizational structure of the company before the new change occurred, and Exhibit 2 portrays the organizational structure after the new plan went into effect.

The first eventful occurrence in this company was when in October, 1941, management decided to construct a completely new and revolutionary type of distillation unit which was far in advance, technologically speaking, of the old type units. Thus, in deciding this, it meant that the company must train men to operate this new unit. To train these men management picked William Downes, one of the company's youngest engineers.

The next important happening was the actual choosing of twelve outstanding men throughout the refinery by Samuel Wood who were to be trained in this

new operational technique. This new tower was very important to the company since it was to be the first of its kind in the country. Naturally, then, this meant that the company was extremely conscious of the role it was playing since if it

EXHIBIT 1

ORGANIZATION CHART
BEFORE THE NEW CHANGES

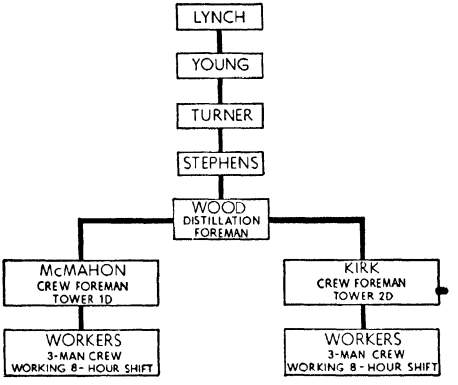
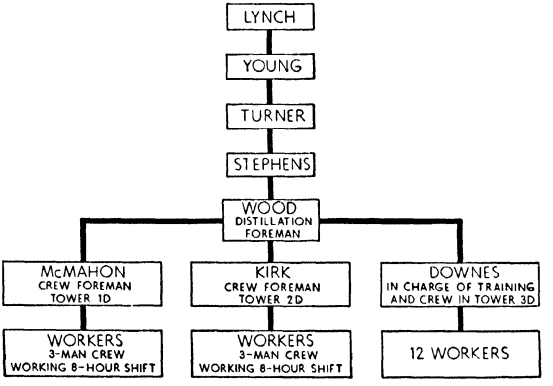


EXHIBIT 2

ORGANIZATION CHART
AFTER THE NEW CHANGES



was a success, it would enhance their reputation in the oil business considerably.

With this in mind it is important to consider the unique role that these twelve men held. These men obviously knew either through management or from plant rumor that the company was picking twelve socalled outstanding men. This new tower was important to the company. Thus from the very start these twelve individuals stepped into their new job with inflated egos and partially this blame

was the fault of management. These twelve men realized they were the "cream of the crop" and this caused a superior feeling. The company made a serious mistake in choosing these men from inside of the plant instead of hiring twelve new men. This is bound to cause hard feelings as far as the other workers are concerned. The company here was primarily considering their financial future and enhanced prestige and forgetting personnel-management responsibilities.

As time passed during their training, these twelve men, the designers, and Downes became very closely knit and at the end of their training they held a graduation dinner and every year thereafter. It showed that a team spirit was developing and at the same time this group was taking on the form of belonging to a select club. This was poor in many ways. Granted it was important for a group to work together with the correct spirit, but here it was taking on serious proportions. Downes was partially to blame. As an engineer, he was primarily interested in his job and in teaching these men. Being immersed in this job, he had forgotten his responsibilities to the company; thus the twelve men were also unaware of their role too.

The next event to consider was the placing in service of this new equipment. This phase was important since psychologically it placed these men in a more "untouchable" category. This job was much cleaner as compared to the old tower or other positions in the refinery. It was essentially a whitecollar job. In a way it could be considered a promotion even though no increase in pay was mentioned. These men offered suggestions to clean up some of the "bugs" and this gave them the feeling that they were engineers. This meant, then, that their own prestige as both an individual and group was again raised considerably. At this point they thought of themselves on a level with management while management still considered them as in the same position as when originally they were assigned to this new job. The company and the men themselves had fostered a group spirit bordering on great egotistical heights—a select group superior to all the other employees.

The last event was management's decision to train six more men for the job. The group was in favor of this since they realized they were at times short handed. But now the question arises, and from that the problem, how will these six men be trained?

Before actually considering the problem it is necessary to discern why the letter was written to four men in the top management bracket and to Wood and Downes. There are two assumptions to make here. One is that they spoke to Downes about this problem and he told them to write a letter. Obviously Downes couldn't have spoken to Wood or else top management would have heard of this problem and the letter wouldn't have been necessary. Or two, that in the heat of the moment, they drafted this missive and sent it to the homes of these gentlemen. Either way this was a poor move because it put Wood in an untenable position. His superiors would wonder why he didn't know of this problem beforehand. It showed what a bold move this group made and gave added proof of their egotistical pride. They thought they were powerful. Consequently they were stepping out of line. It was now management's responsibility to put them in their proper position before matters got worse.

The problem arises on how these six additional men are to be trained. These new men are conflicting with their group. That is their attitude. Because when these six men were trained, eighteen men wouldn't be needed on the new tower and some of the men would have to work on the two old towers. The old group rebelled at this thought. It meant losing their newly gained prestige and in effect to them a demotion if this occurred. Their letter consisted of platitudes that were emotionally rational. They gave reasons why they shouldn't be moved, but it wasn't the real reason—losing their self-centered clique.

I believe the original group misinterpreted the company's plan. They thought that once the six men were trained that all eighteen of them would rotate permanently from the old tower to the new one. If this was true, it clearly showed a sign of poor communication and could be rectified. The group had a different idea. They desired to keep all eighteen men in the new tower but this would be impractical and too expensive. The company would not consider this idea. I believe what the company had in mind was that while the six new men were training some of the twelve would go to the old tower. But this was not to be permanent. Once the six men had finished their course they would go back to their old jobs in the old towers. The company had no such idea of combining all the three units as suggested in the letter.

As for the solution, Wood should confer with top management the next morning after receiving their letter, and they should formulate a plan together. Then with Downes, he should call in the group and explain matters. If it is a question of only rotating these men for a short time and not permanently, Wood should tell them directly to dispel their fears. He then should "lay the law down" for their "cry-baby" attitude and explain their responsibility to the company. He must use stern talk to put them "back in line." On the other hand, if this rotation policy is permanent, Wood should explain bluntly that this is the future company policy and whoever is not satisfied can leave. Naturally management must recognize the fact that all the effort they spent in building and training this group now would be nullified. This latter solution would be extremely impractical indeed.

REPORT OF STUDENT "B" ON LAMSON COMPANY

Statement of Problem

How the events described in the case can be interpreted and what action, if any, Mr. Wood should take upon receipt of the letter are the two principal questions asked in this case.

This report is divided into two sections, each dealing with one of the above questions under the headings of "Analysis" and "What Should Mr. Wood Do?"

Analysis

In this case, an interpretation of the events described therein is requested.

It is felt, very sincerely and strongly, that to attempt such an interpretation at this point would be a grave mistake indeed, since it would evidence a com-

plete departure from what the writer hopes he has learned and what he believes should be the proper procedure in this case.

An interpretation of events is made, not for its own sake, but for the purpose of understanding a situation, usually in order to be able to plan and execute an effective course of action which would lead to the solution of a problem.

It is the firm conviction of the writer that an attempt to interpret the present situation from the facts as presented in the case could not bring about a real understanding of that situation. It is his equally firm conviction that any course of action decided upon or actually taken which would be based upon such a preanalysis would have very little chance of effecting a lasting solution to the problem.

In reaching this conclusion, an examination was made of the events which transpired and the problems involved. From this examination it becomes clear that the key to these problems is, in the final analysis, the feelings of the men involved, and a thorough understanding of their motives and desires. Could this understanding be better achieved by Mr. Wood's attempt to "interpret" the situation, forming preconceptions and assumptions as he does so? Or could understanding be better achieved by Mr. Wood's refusing to attempt any interpretation whatsoever, but rather trying to clear his mind completely of any preconceptions and assumptions and by listening to the men themselves speaking to him (if he can get them to do so), understand what they try to tell him and interpret those things? The latter course is believed definitely to be the wiser one in this instance.

It is likewise thought that it would be a mistake for Mr. Wood, upon receipt of the letter, to attempt to lay out a course of action dealing with the problem stated there. While he might possibly be able to alleviate the immediate difficulties by, say, accepting the solution suggested in the letter, this might lead to further complications arising out of the feelings of these six men if any commitments have been made to them regarding future job status, or their abilities at handling the new jobs for such short periods; at the same time, such a solution might actually fail to hit at the source(s) underlying the complaint by the twelve.

Such underlying irritants may be nonexistent, true; but in seeking to arrive at a satisfactory resolution, Mr. Wood would be making a serious blunder in assuming the problem as stated in the letter was the only one to be solved. The real cause for dissatisfaction may be as yet uncrystallized in the minds of these men, and it is this underlying cause which must be alleviated. Therefore, only by discovering this "hidden" source of irritation can Wood attempt to arrive at a removal or circumvention of this irritant satisfactory in the long run.

What Should Mr. Wood Do?

It is suggested that Mr. Wood telephone his four superiors and arrange a conference with them as soon as possible.

At this conference he should request that no action be taken until he, Wood, has had a chance to discuss the matter with the writers of the letter in an attempt to find out, if possible, what these men really want and what is behind their apparent reasons for writing it. His reasons for proposing this might be that he, as

a single management representative already familiar with most of the men to some extent, would better be able to discover what the twelve were driving at; whereas, if confronted by the larger group of executives, any underlying motives which might exist would be made much more difficult to have expressed and interpreted. Wood should warn his superiors that getting at such motives might take some time, if it could be done at all; but that to take action one way or another before such an attempt was made might put the company into even more serious difficulties than those in which they now found it.

If Mr. Wood's proposal is agreed to, then his next move should be to request that Mr. Downes come to his office for a private discussion of the entire situation. Being close to the men, his appraisal and evaluation should be weighed carefully by Mr. Wood, though definitely not accepted as a completely accurate picture; as a technical engineer Downes' understanding of the feelings of the twelve men may be limited. After requesting Mr. Downes' recommendation as to what he should do, Mr. Wood should consider getting in touch with the twelve.

While it might be preferable for him to contact these men as a group at first (so as not to put them on their guard as they might be if confronted individually), this may be difficult because of the operating schedule of the tower; Mr. Wood may therefore find it necessary to request that the men not on duty meet him at some convenient hour, or have several meetings with smaller groups of three or four.

At these meetings, which he should arrange to be as free from outside interruption as possible, he should try, by the simple process of listening, to bring about complete expression on the part of the group. Wood must listen patiently and painstakingly try to analyze and understand what may seem on the surface to be shallow or vapid remarks. It is suggested that he say as little as possible, speaking only when he feels it necessary in order to stimulate further discussion by the men. At such times, questions like, "Well, what do *you* think about this, Bill?" or, "Let me make sure that I understand what you mean, now. Do you mean that . . . etc. . . . ?" or, "Would you go over that again, please? I'm not quite sure that I understand what you mean," may prove helpful.

In order to arrive at a meeting of minds, Mr. Wood would be wise to talk to each man privately one or more times after these group discussions are completed, since the seeming group feeling which resulted in the writing of the letter may in reality have been inspired by altogether different motives on the part of the various individuals.

It may be that solutions will be suggested or the problem solved solely by these talks, although this would be a very fortunate happening and could certainly not be counted upon.

When by these group discussions Mr. Wood can feel that the problems have sufficiently resolved themselves in the minds of the men for him to understand them as well as they what these basic difficulties are, then he can report back to his superiors what he has found, together with his recommended solution.

Summary

The writer is convinced that any attempt to analyze the situation and/or the feelings of the men (not forgetting the six in training) and base a course of action upon these analyses, without first having tried to talk to and understand these men, may lead to a very undesirable result.

If, on the other hand, Mr. Wood is sincere and effective in listening to what these men have to say, then by the understanding thus achieved it is felt that he will be able to suggest to his superiors a solution, based upon his findings, which will have a good chance of being a successful one.

From *CRUSADE IN EUROPE**

by

DWIGHT D. EISENHOWER

One day I had an appointment to meet five United States senators. As they walked into my office I received a telegram from a staff officer, stating that a newspaper article alleged the existence at the Lucky Strike camp of intolerable conditions. The story said that men were crowded together, were improperly fed, lived under unsanitary conditions, and were treated with an entire lack of sympathy and understanding. The policy was exactly the opposite. Automatic furloughs to the States had been approved for all liberated Americans and we had assigned specially selected officers to care for them.

Even if the report should prove partially true it represented a very definite failure to carry out strict orders somewhere along the line. I determined to go see for myself and told my pilot to get my plane ready for instant departure. I turned to the five senators, apologized for my inability to keep my appointment, and explained why it was necessary for me to depart instantly for Lucky Strike. I told them, however, that if they desired to talk with me they could accompany me on the trip. I pointed out that at Lucky Strike they would have a chance to visit with thousands of recovered prisoners of war and that at no other place could they find such a concentration of American citizens. They all accepted with alacrity.

In less than two hours we arrived at Lucky Strike and started our inspection. We roamed around the camp and found no basis for the startling statements made in the disturbing telegram. There were only two points concerning which our men exhibited any impatience. The first of these was the food. It was of good quality and well cooked but the doctors would not permit salt, pepper, or any other kind of seasoning to be used because they were considered damaging to men who had undergone virtual starvation over periods ranging from weeks to years. The senators and I had dinner with the men and we agreed that a com-

* New York: Doubleday & Co., Inc., 1948, pp. 420–22. Copyright 1948 by Doubleday & Co., Inc. Quoted by permission of the publisher.

pletely unseasoned diet was lacking in taste appeal. However, it was a technical point on which I did not feel capable of challenging the doctors.

The other understandable complaint was the length of time that men were compelled to stay in the camp before securing transportation to America. This was owing to lack of ships. Freighters, which constituted the vast proportion of our overseas transport service at that stage of the war, were not suited for transportation of passengers. These ships lacked facilities for providing drinking water, while toilet and other sanitary provisions were normally adequate only for the crew. The men did not know these things and it angered them to see ships leaving the harbor virtually empty when they were so anxious to go home.

So pleased did the soldiers seem to be by our visit that they followed us around the camp by the hundreds. When we finally returned to the airplane we found that an enterprising group had installed a loudspeaker system, with the microphone at the door of my plane. A committee of sergeants came up and rather diffidently said that the men would like to see and hear the commanding general. There were some fifteen to twenty thousand in the crowd around the plane.

In hundreds of places under almost every kind of war condition I had talked to American soldiers, both individually and in groups up to the size of a division. But on that occasion I was momentarily at a loss for something to say. Every one of those present had undergone privation beyond the imagination of the normal human. It seemed futile to attempt, out of my own experience, to say anything that could possibly appeal to such an enormous accumulation of knowledge of suffering.

Then I had a happy thought. It was an idea for speeding up the return of these men to the homeland. So I took the microphone and told the assembled multitude there were two methods by which they could go home. The first of these was to load on every returning troopship the maximum number for which the ship was designed. This was current practice.

Then I suggested that, since submarines were no longer a menace, we could place on each of these returning ships double the normal capacity, but that this would require one man to sleep in the daytime so that another soldier could have his bunk during the night. It would also compel congestion and inconvenience everywhere on the ship. I asked the crowd which one of the two schemes they would prefer me to follow.

The roar of approval for the double-loading plan left no doubt as to their desires.

When the noise had subsided I said to them: "Very well, that's the way we shall do it. But I must warn you men that there are five United States senators accompanying me today. Consequently when you get home it is going to do you no good to write letters to the papers or to your senator complaining about overcrowding on returning ships. You have made your own choice and so now you will have to like it."

The shout of laughter that went up left no doubt that the men were completely happy with their choice. I never afterward heard of a single complaint voiced by one of them because of discomfort on the homeward journey.

JIM McFEE (A)*

I have been asked by one of the professors of the Harvard Business School to write up some of my experiences on a job in a Detroit automobile plant during a recent summer vacation.[1]

At the time I took the Detroit job I was 24 years old. It was my first job as a worker in a large industrial plant. I had been brought up in a middle-class family, and my father was a successful businessman and banker in a medium-size community. I was graduated from college in 1943 and had spent three years in the Navy. At the time of my discharge in July of 1946 I completed plans to enter the Harvard Business School that fall and decided it would be helpful and instructive to spend part of the summer working in a large factory. I therefore left my home, secured a temporary room in Detroit, and through the United States Employment Service obtained a job in an automobile plant.

At the employment office of the automobile plant I was given a routine interview and physical examination, and was told to report for work the next morning. In approaching my new job I was determined to find out as much as I could about industrial life from the workman's point of view.

I reported to work at the plant at 6:45 A.M. With five or six other people I stood around in the entrance passage for about 10 minutes until a large uniformed plant guard walked up and asked, "Are all of you men starting work here?" We nodded and he motioned us over to a window cage. As our names were called out we stepped up to receive a plant badge with a six-digit number on it. Then the guard motioned us through a door into the factory area.

There the first thing that impressed me was the noise of the shop. In order to speak to another person it was necessary to shout into his ear. The group gathered along the wall just inside the door and waited for further instructions. I noticed two middle-aged men with open vests and rolled-up shirt sleeves looking us over and talking to one another. One of these men beckoned to a man standing near me, and they walked off together. Finally the other man signaled to me to follow him.

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[1] All names have been disguised.

We wound our way through a maze of machines until we stopped before a small machine which seemed to be a sort of modified drill press. Without comment he picked up one of several metal plates stacked alongside of the machine and placed it on the machine table. He then proceeded to lower a revolving tool by means of a hand-operated wheel control and performed what looked like a chamfering operation on the center hole of the metal plate. He then turned with the plate and hung it on a hook on a conveyor line which moved overhead. After repeating this operation about six times, while I watched and tried to remember the operations, he stepped back and motioned to me to take his place. I started to perform the work as best I could while my "instructor" stood by and watched.

Evidently I started by gripping the metal plate the wrong way, as my instructor interrupted me to demonstrate again the proper grip. After I had finished the first piece of metal he shouted to me, "Spin this into position," pointing to the side operating control wheel. When I hung it on the conveyor, he immediately grabbed it and turned it around on the hook. Gesturing, he indicated that the plates with yellow paint daubed on them should be hung on yellow hooks, red plates on red hooks, and unpainted plates were to be matched with unpainted hooks. He also showed me that the plates were to be hung with the concave side out. Within 10 minutes I made three mistakes in hanging up the plates, which he immediately corrected without comment.

After spending about 15 minutes with me, he left. As I worked along I felt extremely clumsy and did not seem to be able to get much rhythm into my work. There were a number of questions I wanted to ask somebody about my job, but I was isolated from other workers by various large machines, a conveyor line, and piles of material; I would have had to leave my work and walk about 25 feet in order to speak to another worker. In about 15 minutes my "instructor" returned and shouted to me, "You have to keep that conveyor line filled up." At this point I tried to tell him that I had not brought my lunch with me and asked him where I could eat at noon. He pointed to an opposite corner of the shop and promptly left.

I tried to work a little faster, but I was becoming painfully aware that my hands were getting badly scratched and cut from handling the rough metal plates. After a half hour or so of this a strange workman came up and motioned me away from the machine. He took my place,

lined up a big stack of rough plates, and started working on them at a terrific rate of speed. He filled up the conveyor line while I watched. He then turned and walked away. I was sure that he was sent over to show me up, since I couldn't begin to match his rate of speed. I plodded along the best I could. After a couple of hours I wanted to go to the toilet but did not know where it was, and I thought I might be fired if I wandered off looking for it. My "instructor" stopped by two or three times to urge me to speed up my work, and the unknown workman also took over my job several times. Neither gave me an opportunity to initiate a conversation with them.

Somehow I managed to stay at my machine for what seemed an endless time and until a gong sounded, when everyone started rushing off in one direction. Deciding it must be lunch time, I followed the crowd to one end of the shop and found them forming a line behind a counter where I was able to buy sandwiches and milk. I wiped my hands on my pants and ate lunch. I was unable to find anyone from my department to whom I could talk about the shop. The half-hour lunch period was soon over, and I returned to my machine.

During the afternoon I often thought I would be unable to keep my arms moving, and several times I was sure that my watch had stopped. When the workday was finally over I was convinced that my work assignment was impossible and my "instructor" a slavedriver. I returned to my room about 4:30 in the afternoon and without bothering to eat dinner slept straight through until the next morning.

The next day I was assigned a new job. Although I later found out that I was switched because the regular man on my first job had returned from a one-day absence, at the time I thought it was because I had failed on my assignment. On my new assignment as a member of a line assembly team, I found I was able to communicate with the other team members by shouting above the noise and by various gestures. The assembly team was supervised directly by a relief man or working foreman who received a slightly higher wage than the rest of the crew but who was a member of the union and was not considered a part of management by the rest of the crew. During my second day at the plant this working foreman secured a pair of gloves and a handwiping rag for me and informed me that he would relieve me so that I could take a 10-minute rest in the morning and another in the afternoon.

This working foreman also made most of the individual work assignments on the team job. He started me working on the toughest job

of tightening down nuts, an operation which called for more physical exertion than my first job. In the process of teaching me the job, he pointed out several minor techniques that would make the work easier. Whenever I fell behind the team in production, he would come over and work beside me to help me catch up or transfer me temporarily to an easier job. By the end of the first week I had learned to pace myself with the work speed of the team without undue effort. During the three weeks I was on the team assembly job, three new men were brought into the team and each in turn was assigned the toughest job while the rest of us were shifted to easier work.

While on this job I found out that my first "instructor" was, of course, our department foreman but nobody seemed to know his name.

Within two weeks I joined the union on my own initiative, and the first meeting I attended was held primarily for shop committeemen. As I entered the meeting, the committeeman from my department recognized me.

"Isn't your name McFee?"

"Yes, I work in the brake department."

"I thought I recognized you. Just joined the union, didn't you? My name is Bradley. I'm your shop committeeman. This meeting tonight is primarily for shop committeemen, but we are glad to have a new member here in order to get acquainted with him. I would like to have you meet some of these men."

Bradley then proceeded to introduce me to a number of the men attending the meeting. During the course of our conversation, he said, "Say, McFee, weren't you an officer in the Navy?"

"I was, but I'm surprised you knew."

"I could tell by the Navy serial number you put down on your union application. We need young fellows like you with leadership training in the union. You've probably found conditions pretty tough over in the plant. We don't like the way things are, but we are working to make them better. I hope we can count on your help."

I came to know Bradley quite well during the next few weeks and he became the best friend I had in the shop.

After three weeks on the assembly line job, I was shifted to a new job on which the production method had just been changed from line assembly to complete individual assembly. Shortly after starting on this new job, one of my fellow workers told me that no one was going to

produce more than 25 units an hour, even though we had been told by the department foreman that the new standard production rate on the job was 35 units per hour. I had no feelings of guilt about complying with this work restriction because it seemed unreasonable to expect anyone to produce 35 units per hour. One of the men passed on to me a rumor that the rate standard was based on experience in another plant. The foreman asked every worker each hour how many units he had produced in the preceding hour and it was the custom to report no more than 25 units completed, even if more had been finished. A few days later, without any explanation, the foreman notified us that the standard production rate had been reduced to 30 units per hour. Our pay was not affected because each of us received an hourly rate. All of the working group felt that this reduction proved the usefulness of work restriction.

QUESTIONS

1. What feelings, expressed or implied, do you think Jim had about his first day's experiences in the plant? What were the specific circumstances which, in your opinion, gave rise to these feelings? Do you think that other workers, more accustomed than Jim to working in factories, would have felt the same way?
2. What feelings do you think Jim had about his experiences on the line assembly team? Why do you think he had them?
3. How do you account for Jim's conclusion on the first day that the strange workman was sent to "show him up," whereas Jim seems to have welcomed help from the working foreman in the second situation?
4. What do you make of the fact that no one seemed to know the name of the department foreman?
5. Why do you think Jim joined the union? What significance, if any, do you see in the reception accorded Jim when he attended the meeting for shop committeemen?
6. Is there any significance in the fact that Jim was given three different jobs in the course of a month?
7. In the third situation, what is the significance, if any, of the fact that the department foreman announced the standard production rate of 35 units per hour at the outset of the changeover from the line assembly? What do you make of the fact that a rumor circulated as to the origin of this rate? Why do you suppose "it was the custom to report no more than 25 units completed" per hour? Why did Jim, in your opinion, comply with the restriction of output?

8. What assumptions about people do you suppose the department foreman made in—
   a) Assigning men to jobs?
   b) Instructing new employees?
   c) Changing work assignments?
   d) Setting and changing production standards?

   What do you think of the usefulness of such assumptions?

9. Should anyone have done anything differently in the three situations in which Jim found himself? If so who, what, when, how, and why?

10. After reviewing the experiences reported by Jim, what do you think Jim's attitude was, at the time he left the plant, toward plant management and toward labor unions? Why?

11. What bearing, if any, does Jim McFee's background (middle-class family, college degree, Navy service) have on his attitudes toward the plant management, fellow workers, and the union? What is the significance, if any, of his plan to enter the Harvard Business School?

JIM McFEE (B)*

While I was still working in the automobile plant I read several articles in the *New York Times* which expressed some of the published opinions on industrial problems at this time. One relating to the automobile industry was of particular interest to me, as follows:

New York Times, SEPTEMBER 8, 1946

LAX PRODUCTIVITY CHARGED TO LABOR

Russell Porter

. . . Making liberal allowances for the reconversion needs for nonproduction workers, Mr. Wilson, [president of General Motors] estimated that General Motors worker efficiency averages only about 80% of prewar standards. . . .

The present decrease in efficiency is attributed by manufacturers largely to a wide-spread postwar "restlessness" and indifference resulting in a rate of absenteeism three times the prewar and a general lack of interest in work, a high labor turnover, and a disposition on the part of some veterans and displaced war workers to accept government unemployment doles instead of going back to work. This "wrong attitude" as Mr. Wilson calls it has been accelerated, many think, by a hangover from the prewar union organizing campaigns in the mass production industries. . . .

QUESTIONS

1. What in Jim's experience, do you suppose, made him interested in the *New York Times* article of September 8, 1946?
2. Do you think Jim's experiences in the plant gave him some personal opinions as to the cause of the "restlessness," indifference, absenteeism, high labor turnover, and "wrong attitude" to which the article referred?
3. What do you suppose was Jim's personal reaction to the article? Why do you think manufacturers made the statements attributed to them in the article? What do you think of the administrative usefulness of such statements by manufacturers in their relations with
   a) The public?
   b) Their management personnel?
   c) Their nonmanagement employees?
   d) Labor union representatives?

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From "TRUTH OF INTERCOURSE"*

by

ROBERT LOUIS STEVENSON

Among sayings that have a currency in spite of being wholly false upon the face of them for the sake of a half-truth upon another subject which is accidentally combined with the error, one of the grossest and broadest conveys the monstrous proposition that it is easy to tell the truth and hard to tell a lie. I wish heartily it were. But the truth is one: it has first to be discovered, then justly and exactly uttered. Even with instruments specially contrived for such a purpose—with a foot-rule, a level, or a theodolite—it is not easy to be exact; it is easier, alas! to be inexact. From those who mark the divisions on a scale to those who measure the boundaries of empires or the distance of the heavenly stars, it is by careful method and minute, unwearying attention that men rise even to material exactness or to sure knowledge even of external and constant things. But it is easier to draw the outline of a mountain than the changing appearance of a face; and truth in human relations is of this more intangible and dubious order: hard to seize, harder to communicate. . . .

L'art de bien dire is but a drawing-room accomplishment unless it be pressed into the service of the truth. The difficulty of literature is not to write, but to write what you mean; not to affect your reader, but to affect him precisely as you wish. This is commonly understood in the case of books or set orations; even in making your will, or writing an explicit letter, some difficulty is admitted by the world. But one thing you can never make Philistine natures understand; one thing, which yet lies on the surface, remains as unseizable to their wits as a high flight of metaphysics—namely, that the business of life is mainly carried on by means of this difficult art of literature, and according to a man's proficiency in that art shall be the freedom and the fulness of his intercourse with other men. Anybody, it is supposed, can say what he means; and, in spite of their notorious experience to the contrary, people so continue to suppose. . . .

* *Virginibus Puerisque* (London: Chatto & Windus, 1887), pp. 63–66, 69–70, 73–77, 80.

For life, though largely, is not entirely carried on by literature. We are subject to physical passions and contortions; the voice breaks and changes, and speaks by unconscious and winning inflections; we have legible countenances, like an open book; things that cannot be said look eloquently through the eyes; and the soul, not locked into the body as a dungeon, dwells ever on the threshold with appealing signals. Groans and tears, looks and gestures, a flush or a paleness, are often the most clear reporters of the heart, and speak more directly to the hearts of others. The message flies by these interpreters in the least space of time, and the misunderstanding is averted in the moment of its birth. To explain in words takes time and a just and patient hearing; and in the critical epochs of a close relation patience and justice are not qualities on which we can rely. But the look or the gesture explains things in a breath; they tell their message without ambiguity; unlike speech, they cannot stumble, by the way, on a reproach or an allusion that should steel your friend against the truth; and then they have a higher authority, for they are the direct expression of the heart, not yet transmitted through the unfaithful and sophisticating brain. . . .

Truth of intercourse is something more difficult than to refrain from open lies. It is possible to avoid falsehood and yet not tell the truth. It is not enough to answer formal questions. To reach the truth by yea and nay communications implies a questioner with a share of inspiration, such as is often found in mutual love. *Yea* and *nay* mean nothing; the meaning must have been related in the question. Many words are often necessary to convey a very simple statement; for in this sort of exercise we never hit the gold; the most that we can hope is by many arrows, more or less far off on different sides, to indicate, in the course of time, for what target we are aiming, and after an hour's talk, back and forward, to convey the purport of a single principle or a single thought. And yet while the curt, pithy speaker misses the point entirely, a wordy, prolegomenous babbler will often add three new offences in the process of excusing one. It is really a most delicate affair. The world was made before the English language, and seemingly upon a different design. Suppose we held our converse not in words, but in music; those who have a bad ear would find themselves cut off from all near commerce, and no better than foreigners in this big world. But we do not consider how many have "a bad ear" for words, nor how often the most eloquent find nothing to reply. . . .

Truth to facts is not always truth to sentiment; and part of the truth, as often happens in answer to a question, may be the foulest calumny.

A fact may be an exception; but the feeling is the law, and it is that which you must neither garble nor belie. The whole tenor of a conversation is a part of the meaning of each separate statement; the beginning and the end define and travesty the intermediate conversation. You never speak to God; you address a fellow-man, full of his own tempers; and to tell truth, rightly understood, is not to state the true facts, but to convey a true impression; truth in spirit, not truth to letter, is the true veracity. . . .

"It takes," says Thoreau, in the noblest and most useful passage I remember to have read in any modern author,[1] "two to speak truth—one to speak and another to hear." He must be very little experienced, or have no great zeal for truth, who does not recognise the fact. A grain of anger or a grain of suspicion produces strange acoustical effects, and makes the ear greedy to remark offence. Hence we find those who have once quarrelled carry themselves distantly and are ever ready to break the truce. To speak truth there must be moral equality or else no respect; and hence between parent and child intercourse is apt to degenerate into a verbal fencing bout, and misapprehensions to become ingrained. . . .

It is only by trying to understand others that we get our own hearts understood; and in matters of human feeling the clement judge is the most successful pleader.

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[1] *A Week on the Concord and Merrimack Rivers,* "Wednesday," p. 283.

JOHN EDWARDS*

As soon as Peter Ravey,[1] the Assistant Purchasing Agent of the Nustile Company, had announced the appointment of John Edwards to succeed Harry Wellman as Chief of the Pricing and Quotation Division, three other men in the division protested his promotion. At the suggestion of Edwards, Ravey decided to confer with each of the three disgruntled men the next day.

The Nustile Company was a large manufacturer of oil well equipment and also a distributor of oil well supplies made by other firms. The company's line of merchandise comprised several thousand items. Normally the company maintained active purchasing relations with about 500 of the 2,700 separate sources of oil well supplies or raw materials and parts for the equipment which the Nustile Company manufactured. The company sold not only within the United States but also in many foreign countries.

The purchasing department, which employed 44 persons, was under the general supervision of Sam Brown, vice-president in charge of sales and purchasing, and under the immediate supervision of Ray Kirby, head of the department and the purchasing agent of the company, who was assisted by Ravey. The department was divided into five divisions one of which was the pricing and quotation division. Exhibit 1 gives the detailed organization of this division and shows its relationship to the other divisions and the top executive.

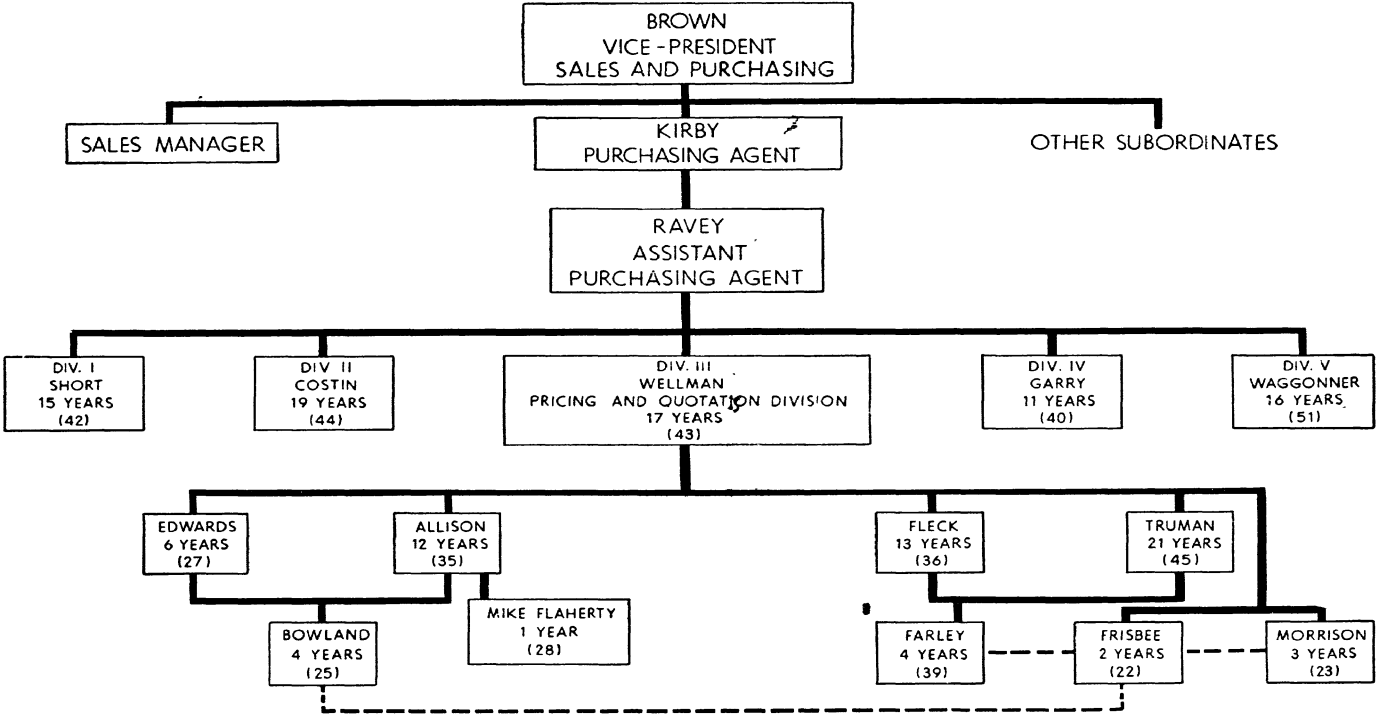
The principal functions of the pricing and quotation division were (*a*) to check the costs of raw materials and purchased parts used in the manufacture of equipment and to determine whether the company was obtaining good buys in terms of quality and price, (*b*) to negotiate for the best prices and quality on the purchased supplies used for resale, (*c*) to examine cost data on manufacturing and recommend to a merchandising committee consisting of the vice-president in charge of sales and purchasing, the purchasing agent, and the sales manager, prices for equipment to be sold in various markets of the world, and (*d*) to recommend resale prices on supplies to this same merchandising committee.

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[1] All names have been disguised.

EXHIBIT 1

PARTIAL ORGANIZATION CHART–NUSTILE COMPANY – SALES AND PURCHASING DEPARTMENT



Organization breakdown given for pricing and quotation division only. Total strength of the purchasing department—44 employees. NOTE: Employees' service with the company is shown immediately under their names. Figures in parentheses ( ) give ages of employees. The dotted line from Miss Frisbee to the other girls denotes an unofficial advisory and supervisory capacity.

The work of the pricing and quotations division under Wellman's direction had been divided among Edwards, Allison, Truman, and Fleck. Until the promotion of Edwards, relations between these men had, in Edwards' opinion, been harmonious.

Allison had always been considered an excellent worker by Wellman. A high school graduate, he was 35 years old, and had had 12 years' experience with the company. He did not talk much to anyone while at work, although he was always agreeable and everyone in the department liked him. According to Wellman, he had not expressed a desire to progress far in the organization. Wellman had attributed this lack of ambition to the fact that Allison had a monthly income for life equal to his salary from the Nustile Company.

Truman was the oldest man in the pricing and quotation division and next oldest in the purchasing department. He was 45 years old, had a college education, and had been married many years. He and Allison were good friends and usually lunched together. Truman's work in the pricing and quotation division was highly specialized.

Fleck was a conscientious, efficient worker, good at detail work. He was 36 years old, a college graduate, and had been with the company for 13 years. He had been married nearly two years. At times he was considered by his associates to be sour and hard to get along with, and Wellman had heard him remark a number of times that he did not want to go higher in the organization because it would bring him too much responsibility.

The men in the pricing and quotation division were aided by four girls who performed secretarial and routine services. Miss Frisbee and Miss Morrison helped the division chief, Miss Bowland worked for Edwards and Allison, and Miss Farley for Fleck and Truman. Miss Frisbee advised the three other girls and acted as an informal supervisor. The girls were considered very good workers and were popular with the employees of the entire purchasing department. The only exception was when there were occasional clashes between Fleck and Miss Bowland. Often they did not speak to each other (except when necessary) for days at a time. Miss Bowland was a high-strung girl but was a good worker and everyone got along with her except Fleck.

The rise of John Edwards in the company had been fairly rapid. When he graduated from college six years before, he came to work for the company in a purely routine capacity in the purchasing department. He worked under Mr. Garry's direction, learning both about the con-

cerns from which the company regularly and occasionally made purchases and about the thousands of items sold by the company. Garry and Ravey considered Edwards an ambitious and willing worker who was well liked by his fellow employees. After two years in this division Edwards was transferred to the pricing and quotation division. This division had relationships with most of the manufacturing and selling departments of the company.

Six months after Edwards started in the pricing and quotation division, he was interviewed by Wellman, the manager, who expressed satisfaction with his work. He stated that he was looking for someone to understudy his job so as to be able to step into it whenever he himself might earn a promotion. Wellman said that he had often mentioned this idea to the others in the division but had never succeeded in interesting one of the other men in such a possibility. Wellman laid out a two-year program of training for Edwards which was designed to give him experience in all aspects of work in the division, its relations to other division chiefs within the purchasing department, and with other departments of the company. The other men in the pricing and quotation division knew Edwards was getting this training, but they indicated, he felt, that in their opinion he was wasting his time. Even though they teased him about the training, Edwards spent much of his spare time learning about the work and procedures of the division, and was able to get the help of nearly everyone in solving new problems when they arose.

Six years after joining the company and four years after his transfer to the pricing and quotation division, Edwards was promoted to chief of the division to succeed Wellman. Wellman had an opportunity to go to the head office of the company on short notice. Before departing he recommended Edwards as his successor. Brown at first thought that Edwards was too young and had insufficient experience for the job. Both Wellman and Ravey insisted that Edwards could handle the work and that he was well qualified by his training for the vacancy. The vice-president, with Kirby's concurrence, put through an order promoting Edwards to the chief of the pricing and quotation division.

Peter Ravey arranged to have Allison, Fleck, and Truman come to his office together at which time he announced to them Brown's approval of the appointment of John Edwards to succeed Wellman

as Chief of the Pricing and Quotation Division. Each of the three men expressed disapproval of the move. This reaction surprised Ravey, but because of an urgent engagement he felt unable to discuss the matter further at that time. He told them that he would think about it. That evening Ravey telephoned Edwards and reported what had happened during the conference with the three men. This conversation concluded with a suggestion from Edwards that Ravey confer with each of the three men the next day.

QUESTIONS

1. What do you think of the fact that Allison "had not expressed a desire to progress far in the organization"? What do you think of Wellman's interpretation of this as reflecting a "lack of ambition"? What do you think of Wellman's attributing this "lack of ambition" to the fact that Allison had a private income equal to his salary?
2. What do you make of Fleck's remarks to the effect that "he did not want to go higher in the organization because it would bring him too much responsibility"?
3. What significance do you attach to the statement that Truman's work was "highly specialized"?
4. Why did Allison, Truman, and Fleck think John Edwards was "wasting his time"?
5. What was the significance, as you see it, of their "teasing" Edwards about the training? Do you think Edwards should have concerned himself as to the possible meaning of this teasing? Do you think he did so concern himself?
6. What do you think of Wellman's statement that he had never been able to interest Allison, Truman, or Fleck in understudying his (Wellman's) job?
7. Do you agree with Wellman's and Ravey's opinion that John Edwards was "well qualified by his training" to take over the job of heading up the pricing and quotation division? Why, or why not?
8. What responsibility, if any, did Allison, Truman, and Fleck have toward the Nustile Company? Toward Harry Wellman? Toward Peter Ravey? Toward Sam Brown? Toward Ray Kirby? Toward John Edwards? Toward each other? Did Allison, Truman, and Fleck meet their responsibilities toward the company and these other men?
9. What responsibility, if any, toward Allison, Truman, and Fleck did Harry Wellman have? Peter Ravey? Ray Kirby? Sam Brown? John Edwards? Did these men meet their responsibilities toward Allison, Truman, and Fleck?
10. What is the problem here? Why has it arisen?
11. What do you think Peter Ravey should do? John Edwards?
12. What significance, do you think, should this situation (and the circumstances leading up to it) have for the higher executives of the company?

From *THEIR FINEST HOUR**

by

WINSTON S. CHURCHILL

In any sphere of action there can be no comparison between the positions of number one and numbers two, three or four. The duties and the problems of all persons other than number one are quite different and in many ways more difficult. It is always a misfortune when number two or three has to initiate a dominant plan or policy. He has to consider not only the merits of the policy, but the mind of his chief; not only what to advise, but what it is proper for him in his station to advise; not only what to do, but how to get it agreed, and how to get it done. Moreover, number two or three will have to reckon with numbers four, five and six, or maybe some bright outsider, number twenty. Ambition, not so much for vulgar ends, but for fame, glints in every mind. There are always several points of view which may be right, and many which are plausible. . . .

At the top there are great simplifications. An accepted leader has only to be sure of what it is best to do, or at least to have made up his mind about it. The loyalties which centre upon number one are enormous. If he trips he must be sustained. If he makes mistakes, they must be covered. If he sleeps, he must not be wantonly disturbed. If he is no good he must be pole-axed. But this last extreme process cannot be carried out every day; and certainly not in the days just after he has been chosen.

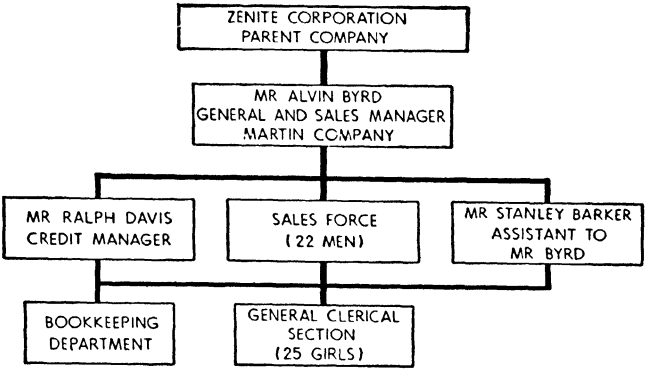
* *The Second World War* (Boston: Houghton Mifflin Co., 1949), Vol. II, p. 15.

MARTIN COMPANY*

The Martin Company[1] was organized in 1937 as a subsidiary of the Zenite Products Manufacturing Corporation, a large manufacturer of women's wearing apparel. The effort of the parent company had always been devoted entirely to private-label merchandise for large chains and wholesalers. The organization of the Martin Company was the result

EXHIBIT 1

MARTIN COMPANY



of a decision by the heads of the Zenite Corporation to break into the field of company branded merchandise.

An office entirely separate from that of the parent concern was opened for the new subsidiary, and in a few years the company was firmly established in its field. It employed approximately 25 workers in its general offices and, in addition to a bookkeeping department, had 22 salesmen on the road, selling direct to thousands of retail and department stores throughout the country.

An acute shortage of piece goods brought about by the advent of the war halted the rapid growth of the Martin Company, and from 1942 through September of 1944 it barely managed to maintain itself at the level which it had attained. The formal organization of the Martin Company is shown in Exhibit 1.

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[1] All names have been disguised.

Early in 1942 the men in the office noted a marked change in the general clerical office of the Martin Company. The quantity and quality of work turned out by the girls declined appreciably. There was continual horseplay, chattering, and daydreaming during working hours. Furthermore, it became a common practice for as many as seven or eight girls at one time to be away from their desks for 20 to 25 minutes. Practically no work was done after five o'clock, even though closing time was not until six. A sharp increase in the number of clerical errors likewise appeared. With the coming of wage stabilization shortly thereafter, complaints about salaries became more and more prevalent. Despite sincere appeals by the company to the War Labor Board, the firm found that it could not legally bring its wages up to those of most of its competitors without violating the law. Although limited increases were allowed once in a while by the Board, they did not help to eliminate this differential.

Mr. Byrd's Analysis of the Situation

Alvin Byrd, the general manager, was determined to rectify the situation. He delegated Ralph Davis, the credit manager and head of the bookkeeping department, who had always done the hiring and firing in the office, to speak to the girls and, in his own words, "Lay down the law to them." Davis followed these instructions on four separate occasions during 1942 and 1943. He gave two of the talks to the girls as a group and the other two he delivered privately to each girl individually. These talks invariably provoked injured protests of complete innocence or else brought forth strong feelings of indignation, and no girl ever admitted that she was doing anything but working just as hard as possible. Davis always worded the talks so as to convey a veiled threat that if conditions did not improve changes in office personnel would be effected. On several occasions Byrd supplemented these talks by pointing out to the girls the fact that their jobs at the Martin Company were of a permanent nature, as opposed to war jobs, and that they would have ample opportunity for advancement after the war as the company resumed its normal rate of growth. He even went so far as to explain to the girls the whole theory of wage stabilization and inflation.

The usual after-effects of these sessions were a marked improvement for a week or so, followed by a gradual reversion to the general situation

that had existed previously. Despite the great dissatisfaction expressed by the girls over their pay, however, as a matter of fact, the turnover in help was no higher in the Martin Company than it was in other firms. If anything, it was slightly lower.

In November of 1943 Byrd secured the permission of the president of the Zenite Corporation to apply to the War Labor Board for an extra week's salary for each employee of the Martin Company, as a Christmas bonus. The policy of the company had always forbidden the giving of bonuses of any type to any employees other than executives. Byrd was able to sell the idea, however, on the basis that it might improve office efficiency. He had a slip inserted into each pay envelope the first week in November stating that application had been made and, if granted, each employee would receive an extra week's pay at Christmas. This prospective bonus became a general topic of conversation around the office during November and December.

Christmas came and went with no word from the War Labor Board. This delay was explained to all the employees, who were reassured that they would be notified just as soon as any definite decision had been received. Finally, around the middle of February, word was received that the application had been denied. Although the unfortunate outcome of the bonus affair did not cause any further decline in what was already a bad situation, it did precipitate much dissatisfaction and grumbling on the part of the employees.

By September of 1944 Byrd and Davis had given up all hope of improving conditions for the duration of the labor shortage. As it happened, wartime restrictions had curtailed the amount of clerical and general paper work passing through the office, so that business had not suffered on account of the decreased efficiency of the office staff. Each of the executives, however, had assumed added duties of a minor nature. In June of 1944 Byrd moved out of his private office and had his desk set up in the large main office where the clerical work was performed. This change seemed to have the effect of reducing absences from the office while he was at his desk. The high rate of mistakes still persisted, however. Neither the quantity nor quality of work turned out showed any appreciable improvement. On the many occasions that Byrd was called out of the office, the same old conditions prevailed. At the end of September, 1944, Stanley Barker began to feel the need of taking a more active part in improving this situation.

Mr. Barker's Analysis of the Situation

Mr. Stanley Barker had joined the Martin Company in 1941 in order to relieve Alvin Byrd of some of the administrative duties involved in the operation of the company. Since he was only 26 years old and thus considerably younger than either Byrd or Davis, he had been reluctant at first to take over any more duties than Byrd assigned to him. The morale problem of the girls in the clerical office had never been assigned to him. As time went on and no improvement took place, however, he became more and more dissatisfied with Byrd's analysis and handling of the situation. Barker's observations and the conclusions he drew from them are given in the following paragraphs.

1. *Mr. Byrd's Theories and Attitudes.*—In the many meetings which Byrd had held from 1942 to 1944 to discuss the situation, Byrd, it seemed to Barker, had constantly reached the same conclusions: (1) Because the girls were underpaid, they would not return to their old efficiency until their salary could be raised. About this difficulty he could do nothing. (2) Because jobs were easy to get, it was only human nature for a groups of girls, who probably were not interested in careers, to do as little work as possible. They knew only too well that they could easily secure new positions in the event they were discharged. (3) In the old days he could keep employees in line through their fear of being fired and out of work. Any person he discharged now would have to be replaced by another person and because of the labor shortage this action was not feasible. (4) Therefore, with a characteristic shrug of the shoulder, Byrd concluded that the problem was insoluble until the war ended and the labor shortage eased. At that time he would have a real "house cleaning" and get rid of 70% to 80% of the personnel.

Being just out of college and still inclined to be curious about matters of theory, Stanley Barker was bothered about Byrd's theory of human motivation. The belief that a group of normal people invariably loafed on a job if there was no fear of unemployment seemed to him a misconception. If this were the case, argued Barker (to himself), the only time that production could be maintained in this country would be during periods of depression. Moreover, although the salary level at the Martin Company was a very unfortunate condition, to be sure, was it as important a factor as Byrd thought in contributing to the state of affairs in the office? Why had 25 girls stayed in the organization as long as they had when not only jobs, but better-paid jobs, were so plentiful all around them?

From these thoughts Barker's mind turned to a consideration of two f the girls involved in this unhappy situation.

2. *The Case of Mrs. Roth.*—Married, 31 years old, a high school ;raduate, Mrs. Helga Roth had worked for Byrd at the Zenite Corpora- ion for five years prior to the formation of the new subsidiary in 1937. he had come to the Martin Company with Byrd in 1937 to handle the nore important clerical work in the office. She had been an excellent vorker up to the time of the general change in attitude in 1942. At that ime she had changed in much the same manner as the rest of the office orce. Because of Mrs. Roth's long period of employment plus the fact hat she was looked upon as the informal leader of the clerical staff by Byrd as well as by the other girls, the company paid her considerably nore than the others. She received $35 a week, as a result of her last increase in September of 1943, a figure at least as high as she could have obtained elsewhere for the same type of work. Nevertheless, she joined the rest of the office in their change of attitudes.

3. *The Case of Miss Gilbert.*—Single, 21 years old, a high school graduate, Miss Marion Gilbert had come to the Martin Company in 1941. This was the first job she had ever held. In two years she had risen to a relatively important position in the clerical group. In Byrd's opinion her work called for higher than average ability and intelligence. One day in August, 1943, she walked into Byrd's office to inform him that she was leaving at the end of the week, which in this case happened to be the following day. She had taken a job with a governmental agency at $30 a week, whereas she was making only $26 at the time. Byrd made no effort to persuade her to remain, although he reprimanded her severely for leaving on one day's notice. This rebuke caused Miss Gilbert to rush from his office in tears.

On the following Tuesday Miss Gilbert returned to the office and asked Byrd to give her back her old job. She told him that she couldn't stand her new work, her new boss, her surroundings, or the other girls employed there. Miss Gilbert had always been considered one of the best girls in the office, and Byrd, from the start of this talk, had decided to take her back. He refused at first, however, and forced her to plead with him for 20 minutes or so. She apologized profusely for her actions and promised over and over to be more fair in her future dealings with the company. This interview also wound up with Miss Gilbert in tears. She was rehired.

4. *Mr. Byrd's Hiring and Training Practices.*—From the time the company was organized in 1937 to the beginning of 1942 the office

staff had functioned smoothly and efficiently. In developing the new concern Alvin Byrd had followed the practice long employed by the parent company. He had hired relatively young girls, all of whom were high school graduates. In most cases they had never worked before. With very little training, which was usually given by Mrs. Roth, these girls were quickly fitted into the office routine and developed into reliable, efficient workers. Any girls who did not measure up to the standard after a short trial period were released. With the exception of one or two key jobs, the type of work involved did not call for a great amount of intelligence.

5. *Assignment of Work.*—The Martin Company had never employed an office manager. The girls had always worked with a minimum of formal supervision; indeed, before 1942 it had been Byrd's boast that the order and clerical section of the office could run by itself. During peak seasons Barker sometimes remarked casually to the girls in the clerical department that if deliveries to customers were to be made on time, a certain amount of paper work would have to be cleared up in one week. Even though the amount of work involved might take seven or eight days ordinarily, the girls were willing to put on the pressure and make every possible effort to "come through"—and they usually did.

The assignment of work to the various girls had never been put on a systematic basis. Depending upon the occasion, Byrd, Davis, Barker, or Mrs. Roth made the assignments. It was not uncommon for one of the girls to be given a severe reprimand by someone other than the person who had assigned a particular piece of work to her. Furthermore, the person who assigned a job might or might not follow up on the results. A girl might spend a day on some particular piece of work that should take only three or four hours. If Byrd had assigned the job, it was difficult for either Davis or Barker to tell whether it was done efficiently. Byrd was usually too busy with important problems to follow up on such relatively unimportant details.

Davis was not the office manager; yet he was often held responsible for steps that an office manager should have taken. When Stanley Barker was first employed he was introduced around the office as Byrd's assistant. Subsequently, however, he was often directed by Byrd to give orders to the girls or to take disciplinary action. Mrs. Roth was sometimes in much the same position. On occasions she was held responsible for things that had not clearly been assigned to her as part of her formal responsibilities.

6. *Mr. Davis and the Girls.*—Married, 35 years old, a college graduate, Ralph Davis joined the Martin Company in 1937 as credit manager. He had had considerable experience in the credit and accounting fields. Friendly and jovial, he spoke in a loud, booming voice which could be heard all over the office. Whereas Mr. Byrd's reactions to errors were conveyed in private, Mr. Davis's, on the other hand, were usually shouted out at the top of his voice at one particular girl, with the result that the whole office force heard all the details. On one occasion he confided to Barker that he purposely appeared to lose his temper in public with the girls on the theory that this was an excellent method of enforcing discipline.

7. *Mr. Barker and the Girls.*—Not much older than the majority of the girls, Stanley Barker spent more time in the clerical section of the office than either Byrd or Davis. With the girls he developed a friendly and cordial relationship. As a result, if one of the girls had some particular problem, she was more likely to take it up with Barker than with either Byrd or Davis. The following are typical of many more similar incidents.

MISS WEINER:[2] Stanley (Barker), will you please help me out on this dictation I took from Mr. Byrd?

MR. BARKER: Sure thing, what's bothering you?

MISS WEINER: Well, you were busy in Mr. Byrd's office when he gave me this letter. I'm not sure about the wording of that last sentence (*reads it aloud*). It doesn't seem to make sense. I thought you might remember how it goes.

MR. BARKER: Certainly, but why didn't you ask Mr. Byrd, Carol?

MISS WEINER: Oh,—you know (*laughs*).

. . . . . .

MISS BAUMAN:[3] Stanley, Mr. Byrd gave me this list of size specifications to type up, and there are a few items I'm not sure of.

MR. BARKER: Let me take a look (*looks at list*). I'm sorry, Frances, this must be something new. There's no sense in my guessing. You'd better recheck this with Mr. Byrd.

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[2] Miss Carol Weiner—Single, 20 years old, high school graduate. Employed by the company in 1941 as a typist. Promoted to personal secretary to Byrd in the latter part of 1942.

[3] Miss Frances Bauman—Single, 23 years old, high school graduate, employed in 1942. Hired as a billing machine operator and fill-in general clerical worker.

MISS BAUMAN: (*Takes back list, frowning*) Well—thanks anyway; maybe I'll be able to figure it out myself.

8. *The Girls in the Clerical Department* had always been very friendly with each other and tended to stick together at all times. They saw each other socially after working hours, and such occasions as birthdays and anniversaries were always appropriately observed with presents, corsages, and cards. When Mrs. Roth was married in 1941, they gave her a party in the office after hours. Both Davis and Barker had attended, but Byrd had declined the invitation.

Reviewing all these incidents, Barker believed even more strongly that Byrd had not reached the correct conclusions as to the reasons for the upset conditions in the office of the clerical staff. Barker was very much undecided, however, as to what steps he could take to solve the problems of the company.

QUESTIONS

1. What was Mr. Byrd concerned about which led him to instruct Mr. Davis to "lay down the law" to the girls in the office? Why did this concern him? Would it have been a matter of concern to you had you been in Byrd's position? Why?
2. Why, do you suppose, was labor turnover "slightly lower" in the office of the Martin Company than in other firms?
3. What effects or consequences, do you think, did Alvin Byrd have in mind when he had his desk moved out into the large main office? In what way, would you say, were these effects or consequences desirable or undesirable?
4. What do you think of Byrd's theories and attitudes, as Stanley Barker set them forth in four conclusions? What assumptions regarding human motivations, attitudes, and responses underlie these conclusions? What do you think of these assumptions: Their factual validity? Their usefulness as a basis of the frame of mind or attitude of an administrator? What, do you suppose, did the girls think of Mr. Byrd?
5. Can you think of *different* assumptions which you, as an administrator in a responsible position, would prefer? Can you state these assumptions? Would you modify Mr. Byrd's four propositions? If so, how would you state them, as modified?
6. What, do you suppose, *was* the nature of the "change of attitudes" in the girls in which Mrs. Roth also joined?
7. Why, do you think, did Miss Gilbert give only one day's notice to Mr. Byrd that she was leaving? Why did Byrd "reprimand her severely"? Why did Miss Gilbert "rush from his office in tears"? What do you make of this episode?

8. What do you think of the reasons Miss Gilbert gave Mr. Byrd for wanting to give up her government job to return to the Martin Company at a lower salary? Why, after Alvin Byrd had decided to rehire her, did he at first refuse and force Miss Gilbert "to plead with him for 20 minutes or so"?
9. What significance do you see in the "case" of Miss Gilbert?
10. What significance do you attach to the fact that, when necessary to get deliveries to customers on time, the girls in the office were "willing to put on the pressure and make every possible effort to 'come through' "?
11. What do you think of Mr. Davis's theory that purposely appearing to lose his temper in public with the girls was an "excellent method of enforcing discipline"? What, do you suppose, did the girls think of Mr. Davis? What, would you say, did Mr. Davis think about the girls? How, would you say, did his attitude toward the girls compare with that of Mr. Byrd?
12. What conclusions do *you* reach as to the reasons for the "upset conditions" in the office? Is your analysis different from Mr. Byrd's? What problems would you, if you were in Stanley Barker's position, expect to encounter in trying to persuade Mr. Byrd that *your* conclusions were correct? How, if at all, would you go about trying to alter Mr. Byrd's views?
13. Was there any ethical or moral issue involved in Mr. Byrd's pointing out to the girls that their jobs at the Martin Company were of a permanent nature and that they would have ample opportunity for advancement after the war, while at the same time, in conferences with Barker, he stated that he would have a real "house cleaning" when the war ended? What bearing does your answer have on any possible course of action?
14. What, do you suppose, was responsible for the girls' "change of attitudes"? What, if anything, would you try to do in this situation if you were in Stanley Barker's position? How would this action improve the situation?

From *GUARD OF HONOR**

by

JAMES GOULD COZZENS

In any human situation, even the simplest, there are more variables than any human mind can properly take account of. . . .

A great many people, maybe most people, confronted by a difficult situation, one in which they don't know what to do, get nowhere because they are so busy pointing out that the situation should be remade so they *will* know what to do. . . .

There are reasons for everything that is. . . . They're often interesting. Figuring them out increases our understanding. They may arouse our indignation or our compassion. They add up to say that if things had been different, things might be different. That seems quite likely; but things aren't different, they are as they are. That's where we have to go on from.

* New York: Harcourt, Brace & Co., 1948, pp. 438–41. Copyright 1948 by James Gould Cozzens. Quoted by permission of Harcourt, Brace & Co.

ALCOTT COMPANY (A–R)*

One morning in August, Jim Patton,[1] a department foreman at the Alcott Company, a large plant located in the Middle West, found a note on his desk from one of his shift-foremen, John Roberts.

Jim Patton, the department foreman to whom the note was addressed, was a graduate in mechanical engineering, 30 years old. He had started with the company 10 years earlier. After 2 years of industrial and mechanical engineering work, he had been transferred in an engineering capacity to one of the company's small plants in the East. About a year later he had been put in charge of a small operating department to get certain equipment operating satisfactorily. Four years later he was transferred to the Indiana plant to take charge of a similar operating department as well as certain experimental work. About 8 years after he had joined the company, he was again transferred to the much larger plant in Omaha as a general, or departmental, foreman in the largest manufacturing division.

The note addressed by John Roberts to Jim Patton read as follows:

> About four o'clock I went up to the mixer floor and found the steam turned on into the washing machine. I had told one of the new men working on the washing machine to get the pile of dirty liners washed, and the batch in the machine was supposed to be cooling so he could take them out. I turned the steam off and went down to the other end of the mixer floor. When I came back I found the steam turned on again, so I shut it off. There wasn't anybody around. The new man was on the fourth floor, so I started over toward the stairs to get him. Then George Jackson, a Negro mixer, came running after me and started swearing at me. He had been heating his bucket of coffee in the machine, but I didn't know that. I told him he couldn't go back to work. I called the night superintendent and told him I wanted to fire the man. The night superintendent came over and told Jackson to go home, and come in and see you today. I didn't know he was heating his coffee, but we can't have men swearing at the foreman.

As he read the note, Patton recalled that George Jackson, to whom this note referred, was not yet 30 years old and had worked in the plant of the Alcott Company for two years. Although he was usually friendly and good-humored, he was also an outspoken critic of some plant

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[1] All names have been disguised.

policies regarding work and workers. He was also inclined to jump hastily to the conclusion that he was being unfairly treated in matters such as Sundays off or work during shutdowns. When the reasons were given to him or the record shown to him, he was always quick to admit he was mistaken, when he had been in the wrong. During the previous winter he had been concerned over the possibility that he might be drafted, and at that period he had worked extra shifts whenever possible so that his wife and two children, about whose welfare he was very much worried, might have more money.

After Patton had read the note, his mind ran back over the changes which had been made in the supervisory force and in the manner in which crews and foremen on the various shifts had been rotated. When he had first come to this particular department six months previously, there were about 60 hourly-paid men in the department. Of these men, 50 worked in crews which rotated their shifts every two weeks. For example, at the beginning of the crew-rotation cycle Crew A would work the first shift from 9:00 A.M. to 5:00 P.M. and after two weeks would rotate to the second shift which worked the hours from 5:00 P.M. to 1:00 A.M., and after another two weeks would rotate to the third shift which worked the hours from 1:00 A.M. to 9:00 A.M. At the beginning of the crew-rotation cycle Crew B would work on the second shift and after two weeks would rotate to the third shift and two weeks later would rotate to the first shift. Similarly, at the beginning of the crew-rotation cycle the men on Crew C would work on the third shift, rotating to the first shift after two weeks and after two more weeks, would rotate to the second shift.

When Patton came to the department, foremen did not rotate with the workers, but instead worked regular hours. Jim Patton himself, in addition to acting as departmental foreman, also acted as shift-foreman of the first shift from 9:00 A.M. to 5:00 P.M. and supervised whatever crew of shift-workers whose turn it was to work during those hours. Patton also supervised the 10 hourly-paid day workers who did not work on rotating shifts. John Roberts was the salaried foreman who was in charge of the second shift and in this capacity he supervised whatever group of shift-workers whose turn it was to work on that shift. Henry Davis was the salaried foreman in charge of the third shift and supervised whatever group of shift-workers whose turn it was to work the hours from 1:00 A.M. to 9:00 A.M.

Thus it was when Patton started to work as general foreman of the department. He and each of the two shift-foremen regularly worked

on a given shift and, accordingly, had charge of a different group of shift-workers every two weeks when the workers rotated shifts.

After Patton had been on this job about three months, Roger Wilson, who had been an hourly worker in the department for about 20 years and who had acted as relief foreman for nearly 3 years, was made shift-foreman of the first shift. He was put on a salary basis when he accepted the new position. No extra workers had been added at this time. The appointment of a full-time foreman for the first shift reflected the opinion of Patton and the division superintendent, his immediate superior, that the urgency of production required closer supervision at the worker level than Patton, with his responsibilities for the general management of the department, was able to provide.

At the time it was decided to add Wilson as full-time shift-foreman of the first shift, Patton and the division superintendent agreed that it would be desirable to have the foremen rotate shifts. But it seemed to them that in rotating their shifts, the foremen should, so to speak, rotate in the opposite direction from the rotation of the crews, in such a manner that they would not always be in charge of the same crew. When Patton told Roberts and Davis that a third shift-foreman was to be added and that a plan had been agreed upon to have them rotate their shifts, and in particular to have them rotate their shifts in a direction opposite to the rotation of the crews, they were vehement in asking to stay with the same crew as the shifts rotated. In view of these strong protests by Roberts and Davis, Patton agreed that the shift-foremen would rotate along with the crews in such a way that they would always be working with the same group of men.

Many years earlier these two shift-foremen, together with another shift-foreman who had since left the company, had rotated shifts with their men. Some of the key workers still remained on their respective old shifts.

Before any formal announcement had been made, the plan of rotating the shift-foremen with their shifts became known to the workers. Their reactions were immediate. Patton recalled the following conversation between himself and a worker from the mixer floor.

BILL MUNROE *(a Negro press dumper on Shift B):* Hey, Jim. Is Roberts going to be on our shift steady now?

PATTON: Well, Bill, we are going to start that way. Why?

MUNROE: Oh, you know why. Why should we have that guy all the time? Why don't you have them change around?

PATTON: We might eventually, but we are going to start with them on their old shifts. This is Roberts' old shift. You can get along all right, can't you?

MUNROE: Yeah, I suppose so. But goddammit! See if you can fix us up, Jim.

About a week later another conversation took place. Tom Bonelli, steam-dryer operator, a white man 45 years old with 8 years of service, who attended and controlled thirteen large rotary dryers and worked almost entirely by himself, opened the following conversation with Patton.

BONELLI: Jim, I would like to get on Wilson's shift. I will have to do something—maybe I will have to give up my job. Roberts and I just don't get along. He is always jumping on me about something and keeping me all upset. I just go along doing the best I know how and trying to please everybody, and I expect a foreman to treat me fair and square. Like the other night, Roberts came back from the laboratory and told me to get my moistures up—they were all running too dry. They felt about right to me, but I went over them all and boosted them a little. They got a little too wet, so I cut down on them and they were running along nice for quite awhile. Well, the packing department called up that they were choked up. Roberts brought some men down to fix things up, and he felt the moisture and went over to the packing department. When they got going again, he and the foreman of the packing department came in and he dumped a handful of wet mash in my hand. The other foreman says, "You know we can't handle stuff like that." And Roberts says to the other guy, "I told him to dry it up or you would have a choke-up." Jim, that isn't any way to treat a man. I think a man ought to be honest and decent, and if he makes a mistake he ought to admit it. When I worked for Wilson we always got along fine. He told me what he wanted me to do, and I did it the best I knew how. If one of us made a mistake, O.K., we made a mistake, but nobody got excited, and he didn't eat my pants out about it. I would like to get on his shift.

PATTON: I would like to have everybody on the shift he wants, but I have to consider the other dryer men. They are both old-timers, and I can't just bounce them around.

BONELLI: No, I know that. They were mighty nice to let me work day shift for so long after I was off with ulcers. I just thought maybe. . . .

PATTON: Why don't you ask them and see if one of them will change shifts with you? I can't ask them for you because I don't want to have them think I am putting any pressure on them. Any change will have to be voluntary on their part.

Patton, although he spoke with Tom Bonelli usually at least once each day, heard no more from him on the subject for a week. Tom then told him that neither of the other dryer men wanted to change with him and to forget about it. He said he would try to get along, but that he hoped his ulcer trouble would not start up again.

After the new plan of shift rotation had been in operation for about two months Henry Desmond, a Negro about 43 years old with 20 years of service, who worked on the mixer floor as an assistant group leader on Roberts' shift, came into Patton's office. He had turned down many opportunities for upgrading.

DESMOND: Jim, the next time there is an opening on one of the day jobs I would like to have it.

PATTON: All right, but you know most of them pay a lot less than your job. What is the matter with the job you have?

DESMOND: It is all right, but I have been up there on the mixer floor for 20 years, and I am getting sort of tired of it. I would like a change.

PATTON: A lot of other shift jobs pay as much or more than yours and aren't on the mixer floor. Why don't you try for one of them sometime?

DESMOND: Well, it might be all right. *(Long pause.)* I want to get away from Roberts' shift.

PATTON: What is the trouble?

DESMOND: It isn't anything special. I just don't like him. He is always snooping around and finding fault. I don't like to work for him. I thought if I could get a day job I wouldn't be working for him very often.

PATTON: The day jobs don't open up very often, and you would be taking a big cut on any of the ones that are most likely to have an opening. What sort of trouble do you have with Roberts?

DESMOND: I don't know—he just doesn't like me, and I don't like him.

PATTON: If you could tell me something that has happened. . . .

DESMOND: There isn't anything special. We just don't like each other.

PATTON: After all, when you are working with people it isn't like being married. You can't expect to like everybody. There are people in this company I don't like, but it is part of the job to get along with them, so I do. As for Roberts' not liking you, I am sure you're mistaken. Everybody has likes and dislikes, and I have been with these foremen enough to know who they like and who they don't. There are darn few fellows Roberts doesn't like, and you are not one of them. He must like you fellows. He asked to have that shift.

DESMOND: Well, I didn't want you to do anything right away, but I just thought I would tell you in case an opening came up.

PATTON: Sure, that's all right. You know, everybody is different and has his own personality. Not only that, but even the way a guy feels affects his behavior. Roberts has diabetes—takes insulin every day—and every once in a while his old ulcer trouble comes back. That sort of thing is no excuse for bad behavior, but it helps you to understand why a fellow might be edgy. Getting along with people is the biggest part of the game, and if you can make some allowances for differences in people in order to get along without trouble, everybody is happier. Of course, if a fellow is doing all he can and he is still being made miserable, he has a perfect right to do something about it and expect action.

DESMOND: Oh, it isn't anything like that. We can get along well enough, I guess. But if anything should open up, let me in on it.

As he was thinking about the note in front of him on his desk, Patton further recalled that John Roberts, who had written the note, was about 60 years of age, of average height but thin, and he had a nervous habit of blinking his eyes rapidly. He had grown up in the industry, having worked his way up through the ranks. Although it seemed to Patton that Roberts was conscientious about his job, eager to accept responsibility, and handled rather well the process difficulties which arose at times, Patton thought his capabilities did not extend much beyond carrying out routine responsibilities.

Patton recalled the several training courses, both government- and company-sponsored, that had been conducted from time to time during the war period. It was with considerable reluctance that Roberts attended most of them. He was slightly deaf, and said that he could hear little of the discussion. It seemed to Patton, however, that Roberts went out of his way to arrange his days off so that he could attend most of the weekly Masonic Lodge meetings and all the monthly Foremen's

Club meetings. Although he took a passive part in this club, he was an eager participant in the lodge meetings and activities.

Patton remembered that one time a Negro worker told him that when Roberts was with his wife he would never speak to any Negro employee whom he happened to pass on the street.

Disputes between Roberts and other workers had required action by Patton on several occasions since Patton had become departmental foreman, whereas the other shift-foremen and the relief foreman practically never occasioned any problems about their relationships.

Patton had occasionally talked to Roberts about his relationships with the workers, but the discussions were usually in generalities and occurred some little time after each of the periodic disputes. At the time of a dispute Roberts reached an extreme state of nervous tension, the effects of which were apparent for a day or two afterwards. Any attempt to discuss his workers' difficulties with him evoked such responses as: "Can't let the man get away with that," "Matter of discipline," "They are getting paid for a full eight hours," "They have to work a full eight hours," "You have to let them know who is boss or they will walk all over you."

As these thoughts were going through Patton's mind, his secretary came in and told him that George Jackson was in the outer office and had asked to see him.

QUESTIONS

1. What problem or problems does Jim Patton have?
2. What, if anything, should he do about any of them?
3. What is the "time-dimension" of these various actions (if any)—that is to say, *when* and over *what time-span* should these actions occur?
4. What should Patton tell his secretary?

From *THE TWENTY-FIFTH HOUR**

by

C. VIRGIL GHEORGHIU

"Herein lies the crime of Western Technological Civilization. It kills the living man, sacrificing him to plans, theories, and abstractions. Here we have the modern variant of human sacrifice. The stake and the auto-da-fé have passed away, but in their place stand bureaucracy and statistics, the two present-day social myths whose flames consume the sacrifice of human flesh.

"Democracy, for example, as a form of social organization, is undoubtedly superior to totalitarianism, yet nevertheless it represents human life only in its social dimension. To consider democracy as an end in itself is to kill human life by reducing it to a single dimension. This is the very mistake that the Nazis and the Communists have made.

"Human life has no meaning unless it is conceived as a whole. We can only grasp its ultimate purpose if we bring into play the same senses that help us to understand religion and to interpret or to create art. In the search of the ultimate end of life reason plays only a secondary role. Mathematics, statistics, and logic are as ineffectual, as guides to the comprehension and organization of human life, as they are to the appreciation of Mozart or Beethoven.

"But our modern Western society persists in trying to arrive at an understanding of Beethoven and Raphael by means of mathematics and calculations. It is relentless in its efforts to improve men's lives by resorting constantly to statistics.

"These attempts are both ridiculous and tragic.

"The most that man could achieve under this system would be an acme of social perfection. But it would not help him in the least. Once his life has been reduced to its social and automatic element and subjected entirely to the laws of the machine, it will simply have ceased to exist. These laws can never under any circumstances give life its meaning, and if life is deprived of its meaning—its only meaning and one that is totally free, and above and beyond the bounds of logic—then life itself will finally become extinct."

*New York: Alfred A. Knopf, 1950, pp. 320–21. Quoted by permission of the author and the publisher.

SUPERIOR SLATE QUARRY*

In 1926, Thomas North, owner of the Superior Slate Quarry,[1] after looking over government suggestions for quarry methods improvement, was faced with the problem of deciding whether or not to invest a considerable amount of money to erect a large mill to house his slate splitters and trimmers.

The Superior Slate Quarry was one of the largest and oldest in the Vermont–New York slate belt. It had always enjoyed a good reputation, not only for the product it turned out, but also for the treatment of its employees. In 1922 it was sold to Thomas North, who had formerly owned a minor interest in it. Although North had never directly operated slate quarries, his family had for two generations owned slate properties, and he was well regarded in the town of Gorham where he lived, a community of about 2,500 persons. Its principal industry was slate quarrying and slate milling. The quarries where slate roofing was produced were located at the edges of the town. The slate mills were within the town, along the river from which they derived their power. In these mills structural slate products such as flooring, tile, billiard table tops, and other articles were finished.

The population of Gorham was about one-half Yankee, one-fourth Irish, and one-fourth Welsh. The Yankees worked both at the mills and and quarries; the Irish worked mostly in the mills as planers, sawyers, and rubbing bed operators; and the Welsh all worked at the quarries as slate splitters and trimmers. The Irish were first-generation born in this country. The Welsh were all born in Wales and were men past middle age. Few of their children were old enough to work at the quarries, and those who did were not skilled in slate splitting. Many of the Welsh became citizens, and although they could speak English, they preferred to use their native tongue. They were said to be more thrifty than the Irish and many owned their homes. The Welsh kept to themselves socially and maintained their traditional clannish customs, habits, and beliefs. They mingled little with either Irish or Yankee. It was generally accepted that the Welsh and the Irish did not get along well together.

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[1] All names have been disguised.

Because of the scraping and cutting of the planers and saws, mill work was noisy and dusty. Locally, especially by the Welsh, it was considered unhealthy work, to be avoided if possible. Mill work was also generally considered less skillful than slate splitting, a skill which few Yankees and Irish knew. Pay for mill work was lower by about a third than for slate splitting.

Slate quarries were open pits in which quarry men drilled holes in the bed rock and blasted pieces of it loose. The large blocks were then hoisted on overhead cables from the quarry pit to the top and there lowered onto small cars on rails, which workers known as rockmen pushed to the near-by splitting shanties where the Welsh slate splitters worked. The blocks were dumped off in front of the shanties, which were cheaply constructed wooden frame buildings about 10x10 feet in size. They were placed in rows along the track that ran from the quarry top. Two slate splitters and one trimmer worked in each shanty. The splitters worked on opposite sides of the shanty door while the trimmer at his foot-pedal trimming machine stood at the back. Although they were equipped with coal stoves, the shanties were usually cold in winter and hot in summer.

After a rockman had dumped his large block, the two splitters emerged from their shanty and examined the block, which was always irregular in shape and size. After examining the block, the splitters together marked it so as to guide them in breaking it up into sizes for the final splitting.[2] This operation on the large block required a knowledge of the grain of the rock, for the block had to be broken along this grain. When the grain was determined, one splitter steadied the block on its edge while the other splitter struck the block a blow with a large wooden mallet, called a "beetle." It usually required only one blow before the block fell apart along the grain line. When the block was reduced to three or four smaller blocks, the splitters carried them into the shanty.

Here each took a block, turned it on its side, and proceeded with chisel and mallet to split it along the grain into thinner and thinner pieces. When the blocks were reduced to pieces about $\frac{3}{16}$ of an inch in thickness, the pieces were placed on a low table between the two splitters and in back of the trimmer. The trimmer took each piece from the table, placed it along the cutting bar of the trimming machine, and proceeded to make it into as large a rectangle as he could get out of the piece. After it was trimmed, an operation which usually took only four cuts of the trimming blade, he placed it in a pile according to size. When

[2] See Appendix I (p. 97) for a discussion of the importance of these steps.

the day's work was done, these piles of shingles were removed from the shanties and placed outside in long rows.

Each night, as the men picked up their lunch boxes to leave, they viewed with apparent pride the work of their hands. As they passed by their neighbors' shanties they looked in at the neat piles and exclaimed at the number of squares others had finished. Then, talking in their native tongue, they moved on slowly toward their homes. They were without exception men who took great pride in the product of their hands; they had been accustomed for generations to working together in small groups. They looked down on work in mills; the latter were dusty, noisy places where "unskilled" Irishmen worked. They loved the rock and took great pride in working it by hand at every stage from quarry to yard. They often said, "Machines, no matter how well built, can never tell the grain. They leave marks which often mar the beauty of the finished stone."

At the Superior quarry there were eight shanties containing teams of two Welsh splitters and one trimmer, who usually was Welsh, sometimes a Yankee, but never an Irishman. These men preferred to be paid by the hour rather than on piece rate. The three men in a shanty helped each other with the work. Often when the pieces to be trimmed were piling up, one of the splitters stopped his own work to clear away the waste chips which fell from the trimming machine. This task was considered part of the trimmer's job. Likewise, when the trimmer was ahead of the splitters, he brought them fresh water from the spring or helped them carry their blocks. When the whistle blew for lunch, they all sat down together to share their food.

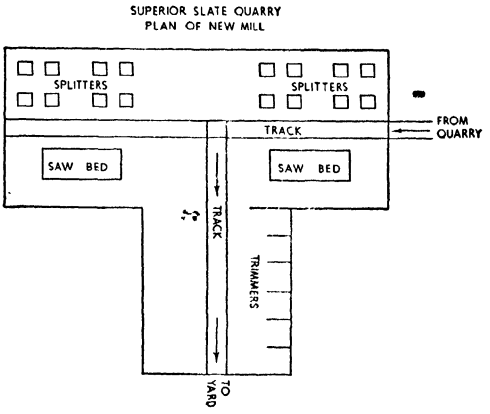
The superintendent at the Superior quarry was Mr. Williams, called "Jack" by the men. He was Welsh and a leader among them in Gorham. His office was in a one-room building a short distance from the quarry. Here he kept records on production, inventory, and hours of labor. He spent much of the day going from shanty to shanty talking in Welsh to the splitters. At other times he visited the pit and checked with the quarry foreman on the rock.

In 1926 the slate roofing industry was receiving stiff competition from manufacturers of composition shingles. Although its competitors were able to benefit from technological improvements, the slate industry in Vermont, in the opinion of many quarry operators, could use few new inventions because of the nature of the rock. The slate rock still had to be split by hand, and the industry as a whole remained at the handicraft level. The Federal Bureau of Mines, however, had made a

study of this problem, and had sent materials on its findings to all slate quarry operators.[3]

Thomas North, after looking over the government's suggestions for improving quarry methods, decided to draw up plans for a large mill to house the slate splitters and trimmers who worked at his quarry. He postponed the decision on whether or not to erect it until he had seen final plans. He talked over the matter with Mr. Williams, and together they drew up the plans. The new mill would eliminate many operations which the splitters customarily did. The blocks as they came from the quarry were to be brought into the mill by an overhead mechanical

EXHIBIT 1



crane and lowered by electric lifts onto two saw beds, one at each end of the mill.[4] Here they were to be sawed up into correct sizes for splitting. This operation would not only relieve the splitters of breaking up the blocks, but would also leave the blocks with one or more squared sides and would thus help the trimmers to eliminate waste.

Blocks would then be carried from the saw bed by an unskilled low-paid worker to the splitters, whose only job would be to split the blocks. They would place the pieces which they split on a car, which was to be pushed over rails to another part of the mill where the trimmers would be lined up in a row at power-driven trimming machines. The trimmers were to be relieved of removing waste chips by another low-paid man. The finished shingles would be removed by motor trucks to the yard.

[3] For example, see Appendixes I and II (pp. 97–100).

Thomas North designed the new mill to be more comfortable in winter than the shanties by installing a hot-water heating system. In summer the mill would be cooler than the shanties, since the ceiling would be high and the mill well ventilated. Mr. North and Mr. Williams recognized that the saws would be noisy and would raise some dust, but they believed that it would not be harmful, nor would such conditions compare with those in the mills in town.

By streamlining the flow of material and by operating with the new machines and equipment, the superintendent and the owner expected production to improve substantially. The same number of splitters and trimmers were to be employed. The only new men to be hired would be the two sawyers, who were to be Welsh.

When the plans of the new mill had been completed and North had made additional estimates of costs and production, he decided to erect the mill. It was completed in the summer of 1926. At first the men were enthusiastic about the change and expressed their satisfaction to Mr. Williams. After a month, however, they had less and less to say about the new setup. Some of the splitters even suggested that it was too dusty. They were not intent on their splitting work and often looked around as if to see what their neighbors, now more numerous than before, were doing. Some complained of the noise, and when the whistle blew at night they wasted little time in leaving for home.

Fewer and fewer of the men passed "the time of day" with Mr. Williams when he came into the mill, and he, too, became less communicative. At first he planned and carried out many changes which he thought would improve the efficiency of the operation. Later he came less often to the mill and spent more time in his office going over figures in the production ledger. A typical series of figures for the months after the new mill opened was as follows: 1248, 1260, 1250; and later 1175, 1150.

Early in 1927 Mr. Williams advised Thomas North to raise pay rates 5 cents an hour. This increase brought the splitters' pay to 72 cents an hour and the trimmers' to 67 cents, higher rates than any paid in the slate district. Production did not increase.

APPENDIX I

Excerpts from *The Technology of Slate* by Oliver Bowles, Washington: Government Printing Office, 1922. Pp. 70–71.

. . . In the first place he [the slate producer] should endeavor to cater to the demands of the consuming trade in so far as such demands do not impair the

quality of the product. One of these demands is for a thickness sufficient to prevent excessive breakage. In certain regions slate splits with great freedom, giving thin uniform slabs. As slate is sold on the basis of surface area, a slate maker obviously can obtain greater returns from a block split into thin slabs than he can obtain from the same block split into thick ones. Moreover, the weight of a square is less, which lowers charges for haulage. Consequently there is a tendency to make thin slates from free-splitting rock. If slates fall below three-sixteenths inch in thickness they are likely to be so weakened that undue losses occur from breakage during punching and laying [that is, while they are being put in place on roofs].

. . . Rejections of orders have resulted from deficiency in thickness of slates; it is much better to keep to a standard or even to excel it, for a satisfied customer brings repeated orders, and a satisfactory roof is the very best advertisement.

Another way in which the manufacturer can render his products more salable is to specialize on popular sizes. A slate maker can manufacture more squares of the larger sizes in a month than he can of the smaller ones, and a tendency exists to regard volume of production as an item of more importance than the manufacture of sizes that the trade demands. This is a mistake, however, for the producer finally has a surplus of large sizes and a shortage of moderate sizes in stock, and his customer seeks other sources of supply. If the customer is by any means persuaded to take the larger sizes, he will probably be unsatisfied, and may not only cease to purchase from this particular producer, but may even turn to other types of roofing manufactured in standard popular sizes. Specialization on slates in lengths from 14 to 20 inches is preferable, even though the material is suitable for larger sizes.

APPENDIX II

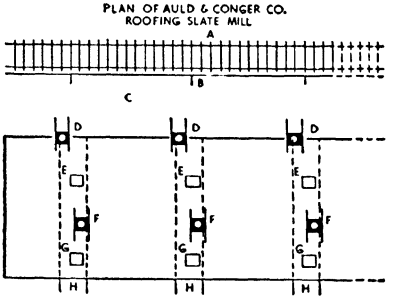
Excerpts from *The Technology of Slate* by Oliver Bowles. Washington: Government Printing Office, 1922. Pp. 64, 65–66, 66–68.

. . . An intimate knowledge of the physical properties of slate is essential in properly breaking and splitting the blocks. A skilled slate worker will drive a wedge, or plug, into a plug hole until a strain is placed on the rock, and he then procures a straight break by striking a blow at a particular point on the rock with a wooden sledge. Thus he can within certain limits force a fracture where desired. The slate is split on the grain into masses about 14 to 24 inches wide, and these masses are then broken across into the desired sizes for splitting into roofing slates. Various methods are used to subdivide the slate masses across the grain. Where they do not break readily or where the surfaces are very uneven when broken, they may be placed on a saw bed and cut across with a circular saw. If this method is used the blocks as they come from the quarry are sawed across and are later scalloped in the grain. Sawed blocks present smooth even ends that facilitate rapid splitting.

Some slates, however, break very readily and give a smooth uniform surface. Under such conditions breaking by hand is considered more economical than sawing. At one quarry observed the block is notched on two corners with a chisel and a cut made in the bottom of each notch with a small saw. The block

is then turned and the opposite edge is cut smooth with a chisel. It is then struck one or two heavy blows with a large wooden mallet at a point exactly opposite the notches, with the result that a smooth even break is obtained. To cushion the blow and thus preserve the slate from damage, a thin flake of slate or a handful of fine slate rubbish is usually placed on the rock surface at the point where the mallet strikes. At one quarry where the rock breaks readily the corners are not notched but are cut with a small handsaw. The surface is then simply marked with a chisel which is struck repeated blows with a hand hammer. The slab is then turned over and sledged with a wooden mallet, or "beetle," on the opposite edge in the usual fashion. . . . The trimmer takes the slabs from the splitter and cuts them to rectangular shape. The most common trimming equipment in Pennsylvania is a straight blade about 3 feet in length run by a foot treadle. The outer end of the blade is attached to an overhead spring pole so that the blade strikes repeated blows when once set in motion

FIGURE 25



A, track for bringing blocks of slate; *B*, compressed-air line; *C*, space for block makers; *D*, rotating racks for slate blocks; *E*, splitters; *F*, rotating racks for split roofing; *G*, trimmers; *H*, belt conveyor for waste.

with the treadle. The use of man-power machines undoubtedly diverts much of the energy that could be used in handling the slates, and obviously mechanical cutting blades would result in a considerably greater production of slate per man with a much smaller expenditure of human energy. The operators in the soft-vein slate belt of Pennsylvania are aware of the increased production that might result from the use of mechanical trimmers, but attempts to introduce them have been unsuccessful. This lack of success is said to be due to inability to increase or decrease the speed of the trimmer for different grades of slate. With the foot-treadle machine the trimmer runs the machine at a slower speed for the weaker slates. The mechanically driven machines, running at constant speed, so greatly increased the percentage of slate breakage that they were abandoned in favor of the foot-treadle machines.

. . . . . .

One of the most efficiently planned slate mills observed is that of the Auld & Conger Co., between Poultney, Vt., and Granville, N.Y. The plan of the mill is shown in Figure 25, which represents but three of the 10 units of the

plant. The blocks are unloaded beside the track, *A,* where they are reduced to proper size for the slate splitters. One skilled operator marks the position of drill holes on the blocks and supervises drilling and wedging, which may, therefore, be done by relatively unskilled men. The slabs when prepared for the splitters are piled on the arms of rotating racks, *D,* which occupy spaces in the wall of the closed shed. In cold weather cold-air currents through the spaces thus opened in the wall may be shut out by means of canvas flaps. The splitter working at *E,* in the closed shed rotates the rack until the loaded arms are inside the shed within convenient reach. While he is occupied in splitting, a further supply of slabs is being prepared and loaded on the outer arms. The split slates are likewise placed on the arms of the rotating rack, *F,* and by a half revolution they are brought within convenient reach of the trimmer at *G.* One great advantage of the rotating rack is that the trimmer is freed from the danger of accident to his fingers, a danger which is ever present where the splitter is throwing slates on the pile from which the trimmer is taking them. Belt conveyors, *H,* beneath the floor carry the waste from trimmers and splitters to dump carts on a depressed roadway at the side of the mill. Finished slates are piled on rack cars. In the morning the loaded cars are run out to the yards, and empty cars back to the trimmers for their day's work.

A roofing-slate unit may consist of two men, a trimmer and splitter, who prepare their own slabs from the larger blocks. At most plants the slabs are prepared for the splitters so that splitting and trimming are uninterrupted. Skilled slate workers having the slabs prepared for them may finish a maximum of a square an hour, though six to eight squares a day is an average accomplishment. A square is the amount of slate required to cover 100 square feet of roof.

QUESTIONS

1. What activities did the men in each shanty (under the original plan of operation) do jointly, and what activities did they perform on an individual basis? How did this pattern of work compare with the method of operations in the Auld & Conger slate mill? How did it compare with the way the men worked in the new mill of the Superior Slate Quarry?
2. How do you account for the decline in output after the new mill began operations?
3. What assumptions, if any, about the splitters and trimmers did North and Williams apparently make in designing the new mill? What assumptions did they apparently make when they increased the hourly pay rate?
4. To what extent, in your judgment, were operations in the new mill affected by the fact that the splitters were Welsh and had the views attributed to them about such things as mill work, machined slate, and so on? Do you see any evidence that the Auld & Conger Company took such views into account in planning its mill?
5. How do you account for the fact that the men were initially pleased with the new mill but gradually lost their enthusiasm and began to complain? What do you make of the fact that Williams, too, became less communicative and spent more time in his office going over figures?

6. How do you explain the fact that Williams, who himself was a member of the Welsh community and knew the industry intimately, and North, who had long been connected with the company and the community, somehow came to design a mill arrangement in which improved output was not achieved?
7. If the size and thickness of the slates were important elements in the successful marketing of the producer's output (as suggested in Exhibit 1), were North and Williams wise in devoting their attention to mechanical improvements aimed at increasing output per man? What alternative lines of action could they have considered? Do you think any of these alternatives might have been preferable?
8. Assuming that changes in methods of production methods were necessary if the company was to remain in business, what steps should North and Williams have taken in order to make changes more acceptable to the workers?
9. What might Williams, having increased wages without achieving any increase in output, try to do to improve production?

From *MEIN KAMPF**

by

ADOLF HITLER

Is it the criterion of the statesman that he should possess the art of persuasion in as high degree as that of political intelligence in formulating great policies or decisions? Is the incapacity of a leader shown by the fact that he does not succeed in winning for a certain idea the majority of a mob thrown together by more or less savory accidents?

Indeed, has this mob ever understood an idea before success proclaimed its greatness?

Isn't every deed of genius in this world a visible protest of genius against the inertia of the mass?

And what should the statesman do, who does not succeed in gaining the favor of this mob for his plans by flattery?

Should he buy it?

Or, in view of the stupidity of his fellow citizens, should he renounce the execution of the tasks which he has recognized to be vital necessities? Should he resign or should he remain at his post?

In such a case, doesn't a man of true character find himself in a hopeless conflict between knowledge and decency, or rather honest conviction?

Where is the dividing line between his duty toward the general public and his duty toward his personal honor?

Mustn't every true leader refuse to be thus degraded to the level of a political gangster?

And, conversely, mustn't every gangster feel that he is cut out for politics, since it is never he, but some intangible mob, which has to bear the ultimate responsibility?

Mustn't our principle of parliamentary majorities lead to the demolition of any idea of leadership?

Does anyone believe that the progress of this world springs from the mind of majorities and not from the brains of individuals?

* Translated by Ralph Manheim. Boston: Houghton Mifflin Company, 1943, pp. 80–81, 90–91, 443, 446.

Or does anyone expect that the future will be able to dispense with this premise of human culture?

Does it not, on the contrary, today seem more indispensable than ever?

By rejecting the authority of the individual and replacing it by the numbers of some momentary mob, the parliamentary principle of majority rule sins against the basic aristocratic principle of Nature, though it must be said that this view is not necessarily embodied in the present-day decadence of our upper ten thousand.

. . . . . .

It is not the aim of our present-day parliamentarianism to constitute an assembly of wise men, but rather to compose a band of mentally dependent nonentities who are the more easily led in certain directions the greater is the personal limitation of the individual. That is the only way of carrying on party politics in the malodorous present-day sense. And only in this way is it possible for the real wirepuller to remain carefully in the background and never personally be called to responsibility. For them every decision, regardless how harmful to the nation, will not be set to the account of a scoundrel visible to all, but will be unloaded on the shoulders of a whole fraction.

And thereby every practical responsibility vanishes. For responsibility can lie only in the obligation of an individual and not in a parliamentary bull session.

Such an institution can only please the biggest liars and sneaks of the sort that shun the light of day, because it is inevitably hateful to an honorable, straightforward man who welcomes personal responsibility.

. . . . . .

Juxtaposed to this is the truly Germanic democracy characterized by the free election of a leader and his obligation fully to assume all responsibility for his actions and omissions. In it there is no majority vote on individual questions, but only the decision of an individual who must answer with his fortune and his life for his choice.

. . . . . .

. . . It is more difficult to recognize among the whole people the minds that are most valuable in the intellectual and ideal sense, and to gain for them that influence which not only is the due of these superior minds, but which above all is beneficial to the nation. This sifting ac-

cording to capacity and ability cannot be undertaken mechanically; it is a task which the struggle of daily life unceasingly performs.

A philosophy of life which endeavors to reject the democratic mass idea and give this earth to the best people—that is, the highest humanity —must logically obey the same aristocratic principle within this people and make sure that the leadership and the highest influence in this people fall to the best minds. Thus, it builds, not upon the idea of the majority, but upon the idea of personality.

. . . . . .

A human community appears well organized only if it facilitates the labors of these creative forces in the most helpful way and applies them in a manner beneficial to all. The most valuable thing about the invention itself, whether it lie in the material field or in the world of ideas, is primarily the inventor as a personality. Therefore, to employ him in a way benefiting the totality is the first and highest task in the organization of a national community. Indeed, the organization itself must be a realization of this principle. Thus, also it is redeemed from the curse of mechanism and becomes a living thing. *It must itself be an embodiment of the endeavor to place thinking individuals above the masses, thus subordinating the latter to the former.*

Consequently, the organization must not only not prevent the emergence of thinking individuals from the mass; on the contrary, it must in the highest degree make this possible and easy by the nature of its own being. In this it must proceed from the principle that the salvation of mankind has never lain in the masses, but in its creative minds, which must therefore really be regarded as benefactors of the human race. To assure them of the most decisive influence and facilitate their work is in the interest of the totality. Assuredly this interest is not satisfied, and is not served by the domination of the unintelligent or incompetent, in any case uninspired masses, but solely by the leadership of those to whom Nature has given special gifts for this purpose.

GIBBONS FINANCE COMPANY (A)*

In 1924 the Gibbons Finance Company[1] had made a modest beginning in the automobile finance business. The company furnished local and near-by automobile dealers with funds to finance their new and used car inventories. Gibbons also bought the retail installment contracts that grew out of the sale of these cars and lent money directly, on chattel mortgage, to borrowers who wished to purchase cars from dealers with whom the company did not do business. There was much detailed work in connection with passing credit, insuring automobiles, and servicing the installment contracts which called for weekly or monthly payments over periods varying from one to two years.

By 1937 the business had grown to such an extent that the company was doing a good proportion of the available business in four counties. Early that year the amount of detailed work involved in receiving, approving, and servicing the increased business began to strain the capacity of the existing organization. In order that Dexter Curtis, the general manager, might have the time necessary to maintain relations with the banks with which the company had credit lines and to assist and supervise the company dealer-contact men, the officers and directors of the company decided to employ a collection manager.

Until 1937, Curtis had insisted that the collection department remain under his direct supervision, since he believed that his policy of "personalized" and, to some extent, "lenient" handling of the accounts had been a large contributing factor in the growth of the company. In carrying on the collection work he had the full-time services of two outside men and of a very capable girl, Mrs. Halstead, who was in effect the assistant manager of the department. The outside men, Kenneth Farlow and Paul Batson, had been with the company from six to eight years and were well suited to the work. All these persons worked well together because they seemed to have the same ideas as to the aims and methods of collection best suited to their company. Curtis, however, believed that he had not succeeded in getting Farlow and Batson to make enough decisions for themselves inasmuch as he had to spend a part of

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[1] All names have been disguised.

each morning on collection problems that he thought should have been settled by the men themselves.

While Farlow and Batson had taken pride in the growth of the company, Curtis and the rest of the management believed that neither of these men was capable of assuming responsibility for collection work. When Mr. Settler, the president, explained to them the circumstances that made the hiring of a new man necessary, they indicated understanding and acceptance of the decision.

James Adams was selected to be collection manager. He belonged to an old and prominent family of the town. He was one of five brothers, and was one of two of these five who was considered "successful" by the townspeople. All the brothers had the reputation of being somewhat opinionated and headstrong. After spending nearly 20 years in responsible positions with one of the national automobile finance companies, James Adams had recently returned to the town with the idea of getting into the automobile business for himself. Most of his experience had been as collection manager in one of the large branches of the national company.

In April, 1937, when the Gibbons company employed Mr. Adams, the officers and directors of the company were concerned with the problem of financing the expansion of their business by increased borrowing from local banks. These banks had indicated a willingness to lend to the Gibbons Finance Company funds with which to purchase installment contracts from dealers, and to lend to borrowers, provided the company showed a better record of prompt collection of installments. It was clear to the company's management that, in addition to the increased profits realized from such a larger volume of business, there were additional economies to be realized from the lower interest rates they would have to pay on larger loans, and some savings to be had in the cost of insurance of a larger volume of business. Furthermore, without any appreciable increase in its overhead expenses, the company could handle a substantially greater volume of business. As Mr. Adams pointed out, the key to the whole situation was the improvement of collections so that the banks would advance the funds necessary to finance the expanded scale of operations. The officers and directors agreed that they could improve the collection experience of the company if they adopted the policies and methods used by the national company with which Mr. Adams had worked.

The new arrangement and plans were described to those concerned, including Farlow and Batson. Adams announced he would put the new policy into effect immediately.

About two weeks after the change, Kenneth Farlow came into Curtis's office. In a rather apologetic manner he presented his collection slips and said: "Mr. Curtis, I know it is my job to carry out orders and that Mr. Adams is now my boss, but he has instructed me to get Fred Smith's contract up to date or to repossess his truck. You know how hard we have always worked to keep from repossessing from a man like Fred, who is doing the best he can and whose car is worth more than he owes. Most of our customers swear by us. This is the fifth or sixth truck in succession we have financed for Fred, even though half of them have been bought from outside dealers. Do you want me to repossess his truck?"

"Well, you know, Ken," replied Curtis, "we are obliged to get our past-due ratios down to meet our banker's ideas.[2] I showed you the figures for our company compared with those of about 20 others, and you saw how far out of line we are in this respect."

Farlow had many times expressed and shown his deep interest in and loyalty to the company. He worked early and late to get his job done to the best of his ability. His loyalty and industry were his outstanding qualities, whereas his chief fault or handicap, so far as the new collection policy was concerned, was thought by Curtis to be his unbounded faith in people.

"Yes," admitted Farlow, "but we have bragged so often about our handling of this kind of account. Don't you think Fred's account might be an exception? We can't expect them all to pay in 18 months just as they planned."

Curtis looked over the collection slip. "Yes, it seems to me that we can't take Fred's truck away from him. You see, however, that lately he has been paying his notes only about once in six or seven weeks, and although he paid a note two weeks ago, there are two monthly installments due now. In a very short time the account will go into the "over-90-day" class, and you know what that does to our ratios. Can't you get Fred to catch up? What do you suggest?"

[2] The promptness of collection of installment contracts was measured by the percentages of total installments outstanding which were 30 to 60 days, 60 to 90 days, and over 90 days overdue. Especial attention was given to the percentage of installments in excess of 90 days overdue.

"Well," replied Farlow, "he probably can't dig the money up out of his hauling in less than 10 days and probably can't make more than one payment then. He might go across town to the new bank and get the whole account refinanced, but that would cost him a lot. I surely do hate to send them one of our customers, anyway."

Curtis looked over the rest of Farlow's collection slips which represented his day's work as planned by Mr. Adams. He handed the slips back and said: "Suppose you find out what Fred can do. Leave this one, Jones, off altogether and work the others according to Mr. Adams' instructions. He and I will discuss these two before tomorrow morning."

Later that day Curtis had a long conference with Adams. The two men discussed individual accounts and the value to the company of the good will built up by past collection methods. Adams recognized the drawbacks of the "big company" policy of repossessing after a specified number of days past due. In this conference, however, both men agreed upon the importance of reducing the company's delinquent ratios. They decided to give Fred Smith 10 days to make a payment and then to see that he made one every 30 days thereafter.

About 10 days later Farlow, the more talkative of the collection men, again came into Curtis's office and asked for a few minutes. He said that Mr. Adams had sent Mrs. Halstead on an errand to Blake's, one of the dealers in the neighboring town whom the company financed, and the girl was very much hurt about her reception. Blake had told her that if the Gibbons company was going to adopt the "hard-boiled" methods he had heard about he would not be satisfied. He stated further that one of the reasons he had stayed with the Gibbons company was that it had always been reasonable with his customers and had helped him retain their business. He indicated that he believed he could get his accounts handled more cheaply by one of the competitors of the Gibbons company.

A few days later Farlow brought in a report that another large dealer was complaining about the Gibbons company's collection letters to his customers and the new policy in general. Farlow also described in detail his own recent experiences with several of the company's old borrowers who were disgruntled over letters. Curtis emphasized again to Farlow the importance of getting payments collected.

After Farlow left the office, Curtis made an investigation of the particular accounts that had been mentioned and of the copies of the letters Adams had written. He found the letters entirely satisfactory. As a re-

sult of his investigation Curtis reached the conclusion that the complaints were a result of the company's sudden shift in policy.

In July, about six weeks after this conversation between Curtis and Farlow, Adams came to Curtis's office. He wanted to talk about the work of the two outside collection men. Adams complained that time and again he had gone over the company's delinquent accounts with Farlow and Batson, and had tried to impress upon them the necessity of getting hard-boiled. Neither of the men, especially Farlow, had made any substantial improvement. Adams had brought with him numerous collection instruction slips which he had sent several times to Farlow with requests to get payments, but which had all come back repeatedly with additional assurances that payment eventually would be forthcoming. Adams said he believed Farlow put in a hard day's work, but that he just would not carry out instructions to the extent necessary. He concluded his statement to Curtis by recommending that Curtis meet with the members of the collection department, namely, Farlow, Batson, Mrs. Halstead, and himself, for the purpose of impressing them all with the importance of following through on the new collection policy.

QUESTIONS

1. How do you account for Farlow's and Batson's reactions to the change which Adams was trying to bring about in the company's collection policy?
2. What do you think of Curtis's reactions to trying to put the new collection policy into effect?
3. What significance do you attach to the reaction of Blake, one of the automobile dealers, to the efforts to put the new collection policy into effect?
4. What problems or issues are involved in getting "hard-boiled" with Fred, Blake's customers, and other customers? To what extent are the various individuals in this situation aware of these problems or issues: Farlow? Mrs. Halstead? Adams? Curtis? The president? Blake?
5. Should Curtis have another meeting with the members of the collection department as Adams recommended? If so, what should he say or do? If not, why not, and what should he do instead?
6. If you were a member of the company's board of directors, what would you think about the situation? What would you do?

From *THEIR FINEST HOUR**

by

WINSTON S. CHURCHILL

I cannot say that we never differed among ourselves even at home, but a kind of understanding grew up between me and the British Chiefs of Staff that we should convince and persuade rather than try to overrule each other. This was of course helped by the fact that we spoke the same technical language, and possessed a large common body of military doctrine and war experience. In this ever-changing scene we moved as one, and the War Cabinet clothed us with ever more discretion, and sustained us with unwearied and unflinching constancy. There was no division, as in the previous war, between politicians and soldiers, between "the Frocks" and the "Brass Hats"—odious terms which darkened counsel. We came very close together indeed, and friendships were formed which I believe were deeply valued. . . .

* *The Second World War* (Boston: Houghton Mifflin Co., 1949), Vol. II, p. 21.

ROCKVILLE QUARTERMASTER DEPOT*

The Rockville Quartermaster Depot[1] had been established in a small town, chosen to be well situated with respect to the railroads for receiving supplies and distributing them to the points of consumption in the area. Colonel Reid was in command, and the Executive Officer, Lieutenant Ellis, had charge of administrative details. Colonel Reid's experience had been largely in the construction field; he had been in command of the Depot during the time it was being constructed and organized. Some of his officers felt that he had done an excellent job in rushing completion of the Depot during a period in which labor and materials were becoming increasingly scarce. The Depot had been completed just prior to the attack on Pearl Harbor at which time there was a small staff of officers and civilian personnel on duty. Between December, 1941, and September, 1942, this force had been expanded by several times.

The operations had proceeded satisfactorily when activity was at a low point. With the increase in activity, many people believed they detected a noticeable lessening of efficiency in the office. The entire staff was busy night and day receiving and shipping supplies. They felt they had little time for organizing or training personnel. The field complained with increasing frequency that they were not receiving supplies promptly.

The Office of the Quartermaster General sent an inspector to look into the situation. Shortly after this inspection was made, Colonel Reid was ordered to take over the construction work of another depot and Colonel Chisholm was sent to take command at Rockville.

Colonel Chisholm had had many years experience in the Army; he had served in the Quartermaster Corps in the United States and in foreign countries. In one of his jobs he had been a procurement officer for clothing and equipage for the Civilian Conservation Corps.

Colonel Chisholm had been told by other Quartermaster officers that the situation at the Depot was not satisfactory. Within a few weeks he was convinced that conditions were poor and that many

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[1] All names have been disguised.

changes would have to be made. The Colonel came to believe that most of the employees were excellent people but were untrained; he believed that, although they worked hard and long, their efforts were not effective. The Colonel felt that additional personnel, more supervision, and a better organization were essential.

Colonel Chisholm held consultations daily with his key men, and, together, they developed a new organization chart which they thought would promote more efficient operation and more clearly establish channels of communication.

After this, Colonel Chisholm turned his attention to the problem of supervisory personnel. He made frequent trips to the neighboring towns, and consulted with the leading citizens to recruit men for these jobs. He secured authorization from the Office of the Quartermaster General to hire more people and to pay them salaries sufficiently high to attract the type of personnel he thought were necessary to handle the jobs.

It occurred to Colonel Chisholm that many of the old established depots in the country might have some experienced personnel who could be transferred. He wrote letters to the Commanding Officers of some of these depots, including the following which he sent to Colonel T. D. Patterson, at that time at the Atlantic Quartermaster Depot.

DEAR COLONEL PATTERSON:

As you know my present assignment is at the Rockville Quartermaster Depot, and I am finding the work both interesting and enjoyable.

However, our labor shortage problem in this area is acute, and I am writing to you, as I am to my other friends in the Corps, in the hope that you will know of some experienced people who might be willing to come out here and join our organization.

Our need is primarily for supervisory personnel, and I would appreciate your letting me know whether or not you have any people who might be interested in this proposition.

Within a short time Colonel Patterson replied to this letter by air mail. His answer follows:

DEAR CHISHOLM:

I was glad indeed to hear that you are enjoying your tour at the Rockville Depot, and I am also happy to be able to recommend a man, who, I believe, will fit your requirements and is, I feel sure, available.

I have in mind a Mr. H. R. Lawson who has done work for us at the Depot from time to time in an advisory capacity. He is a lawyer and has

had a successful practice in this city. He has also been admitted to practice before the State Supreme Court, and I feel sure that he would prove of value to you.

Colonel Chisholm immediately dictated a wire to Mr. Lawson and offered him a job at the Depot with a rating of CAF-9.[2] At this time the Colonel did not have any specific assignment in mind for Mr. Lawson but felt sure that he would be able to find a place commensurate with his ability.

Within a few days Mr. Lawson replied, also by wire, that he would accept Colonel Chisholm's offer, and in about ten days Mr. Lawson arrived. Upon his arrival, he was interviewed by the Colonel. He repeated most of what Colonel Patterson had said in his letter and stated that his legal business had disappeared because the emergency conditions in industry had affected most of his clients. He said he had had a good deal of experience in dealing with people.

Believing that Mr. Lawson's background and experience would fit him for a position in the Control Section of the Depot, Colonel Chisholm introduced him to Lieutenant Gorham, the Officer in Charge. The Colonel stated that Mr. Lawson was to be assigned to the Control Section and that Lieutenant Gorham was to show him the routine functions and help him get established in his new position. The Colonel suggested that Mr. Lawson be permitted to work on some of the reports which the Colonel needed for reference in making decisions on improvement of operations.

Lieutenant Gorham introduced Mr. Lawson to the personnel of the Section which at that time consisted of himself, Mr. Hughes, the civilian head of the Section, a secretary and a clerk. Lieutenant Gorham was a recent graduate of the Quartermaster School which he had attended just after his graduation from the University of Wisconsin. Lt. Gorham felt that he had gotten along well with the people in the Depot and that he had been doing a good job. Gorham believed that Mr. Hughes was an able assistant, and that Hughes was familiar with many of the problems of large organizations. Hughes had worked for many years with Army regulations. Mr. Hughes had come to the Depot from a CCC district where he had been the chief civilian employee with a great deal of responsibility.

It was the duty of the Control Section to make reports for the Colonel from time to time on the progress of many of the innovations

[2] The salary range of this Civil Service classification was $3,200–$3,800.

which he had instituted and to review the work of the various branches. When the Colonel received a complaint from either the Office of the Quartermaster General or the field he immediately turned the problem over to the Control Section. He expected the personnel of the Section to make a thorough investigation and to report back to him as to where blame lay and whether or not any corrective measures should be taken to prevent the recurrence of such problems.

Mr. Lawson was given a desk in this section where he immediately set up his personal effects, including his framed law school diploma, his certification as a member of the bar and a document authorizing him to practice before the Supreme Court of his state.

Mr. Lawson was not given a specific assignment but was expected by Lt. Gorham to help in the work of the section by investigating matters and offering suggestions which might be helpful in making up reports to the Colonel.

At this time the Office of the Quartermaster General was severely criticizing warehouse conditions at the Depot. The Control Section was working on a report to be used as a basis for reorganizing the Warehouse Branch. One of the problems in the Depot was that it was not always known what supplies were on hand and available to fill requisitions. Physical inventories were taken only at infrequent intervals.

Lieutenant Gorham and Mr. Hughes asked Mr. Lawson to give his opinion on the situation. After making an investigation in the morning he reported to them that it was his opinion that the only thing that would improve warehouse conditions was to take an inventory of every item of stock every day so that the quantity of each item in the warehouse would always be readily ascertainable. Lieutenant Gorham and Mr. Hughes thought that this was a very impracticable approach, because at that time the Depot had twelve warehouses, each one-quarter mile long and containing large quantities of some 12,000 items having a total value of $50,000,000. Further, they argued, such a plan would have required a large additional staff which the labor shortage in the area definitely precluded.

Mr. Lawson insisted that his was an excellent idea and said that if the report did not include this statement, he would go to Colonel Chisholm with the idea. In addition, Mr. Lawson discussed the idea with Major Cutler, head of the Warehouse Branch, and when Major Cutler refused to agree with him, Lawson told him that he would report it to the Colonel anyway. An altercation developed, and Major Cutler ordered Mr. Lawson from the office.

In the meantime Colonel Chisholm had been very busy. He had

not followed up on Mr. Lawson's progress. However, he did ask Lieutenant Gorham how Lawson was getting along. The Lieutenant told him that Lawson was not doing too well. The Colonel cautioned Lt. Gorham that Mr. Lawson was well recommended, and that he wanted him to have a fair trial.

The warehouse report was finally completed and sent by Gorham and Hughes to Colonel Chisholm. It did not include Mr. Lawson's suggestion that an inventory be taken every day. Mr. Lawson went to see the Colonel and told him of his idea. Colonel Chisholm did not think the idea was a useful or practical one, and he told Mr. Lawson that it would not be accepted.

Within a few days Colonel Chisholm had reports from the Chiefs of the various Branches of the Depot to the effect that Mr. Lawson was bothering them and was making suggestions which seemed impractical; they requested that he be kept at his desk.

Colonel Chisholm called in Lieutenant Gorham who reported as had the heads of the branches. He said he felt that Mr. Lawson was not contributing much to the work and should be relieved.

Colonel Chisholm was undecided what to do with Mr. Lawson. From the reports of Lieutenant Gorham and the heads of the branches, Chisholm gathered that Lawson was disturbing the organization. Colonel Chisholm concluded that, whether or not Mr. Lawson had the ability to perform his job, his unfortunate personality apparently prevented him from getting information or offering suggestions which would be taken.

Before Colonel Chisholm had finally decided what action to take, he noticed one day a commotion in the office. When he investigated this unusual outburst, he found that the entire office personnel was laughing at Mr. Lawson who was sleeping soundly at his desk and snoring loudly.

Colonel Chisholm immediately sent for Mr. Lawson and told him that his services would no longer be needed. Mr. Lawson expressed amazement. He told Colonel Chisholm that he thought his work had been well received and that he was now, after three weeks of study, in a position to offer helpful suggestions as to operational procedures.

QUESTIONS

1. In your opinion what responsibilities, if any, did Mr. Lawson have toward Col. Chisholm? *Why* do you think he had these responsibilities?
2. At what specific point or points did Mr. Lawson meet or fail to meet these responsibilities?

3. In your opinion, what responsibilities, if any, did Col. Chisholm have toward Mr. Lawson? *Why* do you think he had these responsibilities?
4. At what specific point or points did Col. Chisholm meet or fail to meet these responsibilities?
5. What responsibilities, as you see it, did Lt. Gorham have towards Mr. Lawson and Col. Chisholm? What do you think of the way in which Lt. Gorham met, or failed to meet, these responsibilities?
6. In the next few seconds, following Mr. Lawson's statement to the general effect that he thought his work had been well received and that he was now in a position to offer useful suggestions, what *specifically* should Col. Chisholm reply? Why?

From *THE NATURE OF THE JUDICIAL PROCESS**

by

BENJAMIN N. CARDOZO

LECTURE I. INTRODUCTION: THE METHOD OF PHILOSOPHY

The work of deciding cases goes on every day in hundreds of courts throughout the land. Any judge, one might suppose, would find it easy to describe the process which he had followed a thousand times and more. Nothing could be farther from the truth. Let some intelligent layman ask him to explain: he will not go very far before taking refuge in the excuse that the language of craftsmen is unintelligible to those untutored in the craft. Such an excuse may cover with a semblance of respectability an otherwise ignominious retreat. It will hardly serve to still the pricks of curiosity and conscience. In moments of introspection, when there is no longer a necessity of putting off with a show of wisdom the uninitiated interlocutor, the troublesome problem will recur, and press for a solution. What is it that I do when I decide a case? To what sources of information do I appeal for guidance? In what proportions do I permit them to contribute to the result? In what proportions ought they to contribute? If a precedent is applicable, when do I refuse to follow it? If no precedent is applicable, how do I reach the rule that will make a precedent for the future? If I am seeking logical consistency, the symmetry of the legal structure, how far shall I seek it? At what point shall the quest be halted by some discrepant custom, by some consideration of the social welfare, by my own or the common standards of justice and morals? Into that strange compound which is brewed daily in the caldron of the courts, all these ingredients enter in varying proportions. I am not concerned to inquire whether judges ought to be allowed to brew such a compound at all. I take judge-made law as one of the existing realities of life. There, before us, is the brew. Not a judge on the bench but has had a hand in the making. The elements have not come together by chance. *Some* principle, however unavowed and inarticulate and subconscious, has regulated the infusion. It may not have

* New Haven: Yale University Press, 1921, pp. 9–13, 23–26, 167–168. Reproduced by permission.

been the same principle for all judges at any time, nor the same principle for any judge at all times. But a choice there has been, not a submission to the decree of Fate; and the considerations and motives determining the choice, even if often obscure, do not utterly resist analysis. In such attempt at analysis as I shall make, there will be need to distinguish between the conscious and the subconscious. I do not mean that even those considerations and motives which I shall class under the first head are always in consciousness distinctly, so that they will be recognized and named at sight. Not infrequently they hover near the surface. They may, however, with comparative readiness be isolated and tagged, and when thus labeled, are quickly acknowledged as guiding principles of conduct. More subtle are the forces so far beneath the surface that they cannot reasonably be classified as other than subconscious. It is often through these subconscious forces that judges are kept consistent with themselves, and inconsistent with one another. We are reminded by William James in a telling page of his lectures on Pragmatism that every one of us has in truth an underlying philosophy of life, even those of us to whom the names and the notions of philosophy are unknown or anathema. There is in each of us a stream of tendency, whether you choose to call it philosophy or not,[1] which gives coherence and direction to thought and action. Judges cannot escape that current any more than other mortals. All their lives, forces which they do not recognize and cannot name, have been tugging at them—inherited instincts, traditional beliefs, acquired convictions; and the resultant is an outlook on life, a conception of social needs, a sense in James's phrase of "the total push and pressure of the cosmos," which, when reasons are nicely balanced, must determine where choice shall fall. In this mental background every problem finds its setting. We may try to see things as objectively as we please. None the less, we can never see them with any eyes except our own. To that test they are all brought—a form of pleading or an act of parliament, the wrongs of paupers or the rights of princes, a village ordinance or a nation's charter.

> ". . . The rules and principles of case law have never been treated as final truths, but as working hypotheses, continually retested in those great laboratories of the law, the courts of justice. Every new case is an experiment; and if the accepted rule which seems applicable yields a result which is

[1] Cf. N. M. Butler, *Philosophy*, pp. 18, 43.

> felt to be unjust, the rule is reconsidered. It may not be modified at once, for the attempt to do absolute justice in every single case would make the development and maintenance of general rules impossible; but if a rule continues to work injustice, it will eventually be reformulated. The principles themselves are continually retested; for if the rules derived from a principle do not work well, the principle itself must ultimately be re-examined."[2]

The way in which this process of retesting and reformulating works, may be followed in an example. Fifty years ago, I think it would have been stated as a general principle that A. may conduct his business as he pleases, even though the purpose is to cause loss to B., unless the act involves the creation of a nuisance.[3] Spite fences were the stock illustration, and the exemption from liability in such circumstances was supposed to illustrate not the exception, but the rule.[4] Such a rule may have been an adequate working principle to regulate the relations between individuals or classes in a simple or homogeneous community. With the growing complexity of social relations, its inadequacy was revealed. As particular controversies multiplied and the attempt was made to test them by the old principle, it was found that there was something wrong in the results, and this led to a reformulation of the principle itself. Today, most judges are inclined to say that what was once thought to be the exception is the rule, and what was the rule is the exception. A. may never do anything in his business for the purpose of injuring another without reasonable and just excuse.[5] There has been a new generalization which, applied to new particulars, yields results more in harmony with past particulars, and, what is still more important, more consistent with the social welfare. This work of modification is gradual. It goes on inch by inch. Its effects must be measured by decades and even centuries. Thus measured, they are seen to have behind them the power and the pressure of the moving glacier.

We are not likely to underrate the force that has been exerted if we look back upon its work. "There is not a creed which is not shaken, not an accredited dogma which is not shown to be questionable, not a re-

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[2]Munroe Smith, *Jurisprudence* (New York: Columbia University Press, 1909), p. 21.

[3]Cooley, *Torts* (1st ed.), p. 93; Pollock, *Torts* (10th ed.), p. 21.

[4]*Phelps* v. *Nowlen*, 72 N.Y. 39, *Rideout* v. *Knox*, 148 Mass. 368.

[5]*Lamb* v. *Cheney*, 227 N.Y. 418; *Aikens* v. *Wisconsin*, 195 U.S. 194, 204; Pollock, *Torts*, *supra*.

ceived tradition which does not threaten to dissolve."[6] Those are the words of a critic of life and letters writing forty years ago, and watching the growing scepticism of his day. I am tempted to apply his words to the history of the law. Hardly a rule of today but may be matched by its opposite of yesterday.

. . . . . .

I have spoken of the forces of which judges avowedly avail to shape the form and content of their judgments. Even these forces are seldom fully in consciousness. They lie so near the surface, however, that their existence and influence are not likely to be disclaimed. But the subject is not exhausted with the recognition of their power. Deep below consciousness are other forces, the likes and the dislikes, the predilections and the prejudices, the complex of instincts and emotions and habits and convictions, which make the man, whether he be litigant or judge. I wish I might have found the time and opportunity to pursue this subject farther. I shall be able, as it is, to do little more than remind you of its existence.[7] There has been a certain lack of candor in much of the discussion of the theme, or rather perhaps in the refusal to discuss it, as if judges must lose respect and confidence by the reminder that they are subject to human limitations. I do not doubt the grandeur of the conception which lifts them into the realm of pure reason, above and beyond the sweep of perturbing and deflecting forces. None the less, if there is anything of reality in my analysis of the judicial process, they do not stand aloof on these chill and distant heights; and we shall not help the cause of truth by acting and speaking as if they do. . . .

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[6] Arnold, *Essays in Criticism, Second Series*, p. 1.

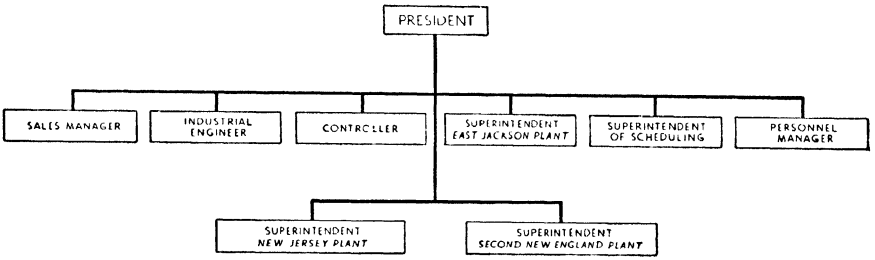
[7] An interesting study of this subject will be found in a book published since these lectures were written, *The Foundations of Social Science*, by James Mickel Williams, pp. 209 *et seq.*

PORTER MANUFACTURING COMPANY*

The Porter Manufacturing Company[1] owned and operated three manufacturing plants, two in New England and one in New Jersey.[2] As a result of the pressure of increased demand for its products arising from the war effort, the company had built an addition to one of its New England plants—the one in East Jackson. This addition plus the introduction of triple-shift in place of single-shift operation throughout the plant resulted in a substantial increase in the volume of the plant's production, which consisted of casting, forging, stamping, machining, and assembling metal parts.

EXHIBIT 1

PORTER MANUFACTURING COMPANY
PARTIAL ORGANIZATION CHART[1]



[1] As conceived by an instructor.

Foremen for the departments in the plant addition in East Jackson and for the additional shifts had been drawn for the most part from the working force. Most of these men had been with the company for several years, but very few of them had had experience in a supervisory capacity. In order to help them to make good in their new work, the personnel director had developed a series of weekly meetings which through lectures and discussion covered the duties, responsibilities, and problems of foremanship. In addition, the meetings were used to acquaint the men with some of the general problems and policies of the company. The foremen seemed to be enthusiastic about these meetings,

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[1] All names have been disguised.

[2] An instructor's concept of part of the formal organization chart of the company is shown in Exhibit 1.

and although attendance was voluntary, all the foremen attended regularly, including not only the new foremen but also men who had been foremen for several years. Judged by the liveliness of the discussion periods, the men's interest extended well beyond mere attendance for the sake of appearance. The personnel manager was popular with the men, and his efforts at foremanship training appeared to be appreciated.

Despite the increased capacity for production the plant did not show so rapid an increase in output as had been expected, and spoilage was very high. It was believed by some of the executives, including the plant superintendent that the explanation lay in part in the difficulties involved in adding and training men quickly for work that required a fair degree of skill, and partly in the lack of experienced foremen.

Six months after the expansion of capacity had taken place the East Jackson plant was still behind expected output and spoilage had increased at a faster rate than output. A group consisting of the president, sales manager, controller, industrial engineer, personnel manager, plant superintendent, and supervisor of scheduling held weekly meetings to discuss the problems of this plant. At these meetings the plant superintendent tended to blame the lack of good performance on green labor, untrained supervisors, poor scheduling, and the failure of the sales department to obtain orders for the type of products that the plant could manufacture best at the time it could best manufacture them. The sales manager was inclined to place the responsibility on the plant superintendent for not knowing what the plant capacity would really be at any time in the future, for not telling the sales department far enough in advance when capacity would be available for any given type of product, for working on orders which had been received recently and at the same time putting off orders which had been in the plant for months, and for not knowing where any given order was at any given time. Both the sales manager and the plant superintendent then usually united in blaming the engineer for holding up orders in the designing room, and the supervisor of scheduling for improper scheduling. These two men in turn would blame the sales department for promising to customers delivery dates that could not possibly be met, and for delays between the time orders were accepted and the time specifications were handed over to the engineering department; and they blamed the plant superintendent for failure to handle orders according to schedule, and for lack of co-operation in the development of better methods and better manufacturing instruc-

tions to facilitate the efficient use of manpower and equipment. When the discussion became especially heated, the subject was often changed by raising questions as to the accuracy of certain cost or performance data, and by blaming the accounting department for the amount of time that the sales and production departments had to spend on record keeping. All in all, the meetings were neither pleasant nor especially productive.

In the course of time, the president came to doubt the ability of the East Jackson plant superintendent to handle his job. The president saw the situation something like this: The superintendent had done well when the plant was small and it was possible to keep in close personal touch with every department and with practically every order. The many problems that had arisen with the enlarged operations, however, seemed too much for him to handle, and the situation showed no indication of possible improvement in the future.

At about the same time the manager of the company's New Jersey plant, who was well along in years, notified the president that he would like to retire as soon as the company could find a man to take his place. The president came to the conclusion that it would be wise to transfer the plant superintendent of the expanded East Jackson plant to the New Jersey plant and to permit the manager of the latter to retire. The New Jersey plant was smaller than the East Jackson plant had been before the expansion. He felt that the superintendent of the East Jackson plant must have concluded from the frictions that were developing and of which he must be aware, that whatever other factors were operating in addition, he himself was becoming less effective in his own work. The president reasoned, therefore, that the superintendent would welcome the transfer to the New Jersey plant, which would mean a return to a plant of the size which he had so successfully and happily managed earlier in New England. The president's decision was supported by the fact that he had in mind a young man in the engineering department who he thought would make a good superintendent of the expanded plant. This man had come up from the workers' ranks to be foreman, and had recently been doing methods work in the engineering department.

When the president of the company told the plant superintendent that he was to be transferred, he said that his salary would not be reduced. The president also told him that he was sure he would welcome the transfer, which would permit him to return to the job (namely, run-

ning a small plant) at which he was outstanding. The president assured the superintendent of his high regard for the latter's ability in such a situation; and with these sentiments ringing in his ears, the superintendent left this meeting, feeling that he could have no objections to making the transfer, which would, after all, put him in the position where, as the president said, he would be of most use to the company. Almost at once after he left the meeting, however, doubts began to arise in his mind as to whether the president had told him the whole story of what lay behind the transfer, and he began to consider the possibility that he was being demoted. As he continued to mull over the matter during the first of two weeks which the president gave him to clean up certain of his work and talk over the problems of the plant with the man who was to be his successor, he became convinced that his second guess was correct, that, in fact, he was being demoted. At the end of that first week he sent in his resignation.

The foremen liked the man who was to be their new superintendent, but they were exceedingly fond of their old superintendent and believed that he had been criticized for matters that were beyond his control. The day that he sent in his resignation, their resentment was such that they drafted a letter to the president, demanding that he tell them exactly why the transfer had been suggested and that they all be given the opportunity to meet with the president to discuss the matter, or that it be discussed through a committee. The letter was signed by all the foremen in the plant and was to be delivered to the president in person the next day by the oldest foreman.

On the afternoon of the day during which the letter was drafted and was being signed, one of the foremen who was somewhat in doubt as to the propriety of the action said that he would sign so that they might make a united front. He raised the question, however, of whether one of them should be delegated to inform the personnel manager of their action. This strategy appealed to a few others in the group, and the man who had made the suggestion was delegated to tell the personnel manager about the letter after the foremen's regular weekly meeting that evening.

QUESTIONS

1. If you were assigned the job of determining why production did not "show so rapid an increase output as had been expected," and why spoilage was "very high," what factors would you consider worth investigating as contributory to this state of affairs? How would you go about your job?

2. What do you make of the reactions in the weekly management meetings of the following men: The plant superindentent? The sales manager? The plant superintendent and the sales manager together? The engineer and the supervisor of scheduling?
3. Why was it, do you suppose, that these meetings were "neither pleasant nor especially productive"? What factors, would you say, were responsible for the tendency of each of these men to place blame and responsibility upon certain other ones among themselves?
4. What do you think of the contrast between the atmosphere of the foremen's meetings and that of the meetings of the management group?
5. What do you think of the president's feeling that the plant superintendent "must have concluded from the frictions that were developing, and of which he must be aware, that whatever other factors were operating in addition, he himself was becoming less effective in his own work"? What do you think of the president's reasoning that "therefore . . . the superintendent would welcome the transfer to the New Jersey plant, which would mean a return to a plant of the size which he had so successfully and happily managed earlier in New England"?
6. How would you explain the superintendent's reactions that, although he felt at first that he could have "no objections to making the transfer," very soon "doubts began to arise in his mind as to whether the president had told him the whole story of what lay behind the transfer, and he began to consider the possibility that he was being demoted"?
7. What do you think of the superintendent s resigning after he became convinced he was being "demoted"? Could this reaction have been predicted? If so, on the basis of what reasoning? If the president had anticipated this reaction, in what way, if any, should he have modified his action?
8. What do you make of the fact that the foremen were exceedingly fond of their old superintendent? What do you think of their belief that he was being criticized for matters beyond his control? About what, and why were they so resentful?
9. What significance do you attach to the letter they drafted and the method of delivery to the president they decided upon?
10. How do you interpret the doubt which arose in the mind of one of the foremen as to the "propriety" of the action?
11. If you were the personnel manager, what would be your reaction when informed by the foremen's delegate of their action? In reaching this decision, what considerations would you take into account as regards short-run and long-run consequences of your decision and in light of the events which led up to the foremen's actions?

From *THE TWENTY-FIFTH HOUR**

by

C. VIRGIL GHEORGHIU

"So the interview you have just granted me does not interest you and might just as well never have taken place?" asked Traian. "Does nothing that concerns the individual interest you?"

"Nothing," said the officer. "All we want to know from an individual is his personal data—that is to say, his full name, date and place of birth, occupation, etc.—which will be noted and card-indexed in our files and statistics.

"As a matter of fact, individual interviews are only granted in order to verify data and to make it possible to put prisoners in the appropriate categories. Orders for continued confinement or for release are thereafter made only by categories. Our job is to place everyone in his appropriate category. It is mathematical precision work."

"Don't you consider it inhuman to liquidate man as an individual and treat him as a fraction of a category?"

"No, I can't say I do," answered the officer. "This system is practical, quick, and above all fair. Justice can only gain by this procedure. Justice has adopted the methods of mathematics and physics—that is to say, the most precise and accurate methods possible. Only poets and mystics object to them.

"But modern society has done with poetry and mysticism. We are now in the era of mathematics and exact sciences, and we cannot put the clock back for sentimental reasons. Besides, sentiment is the invention of poets and mystics."

The officer indicated that the interview was over.

"Take it easy," he said.

Traian opened the door. At that moment he heard the officer who had interviewed him say coldly:

"Next one in."

*New York: Alfred A. Knopf, 1950, p. 307. Quoted by permission of the author and the publisher.

From "THE GREAT JUDGE"*

by

PHILIP HAMBURGER

[Judge Learned Hand] . . . conceives of the law as a living organism and of interpretation as an imaginative exercise. Statutes are the result of legislative compromise, he holds, and judges must therefore discover what the authors had in mind while framing them.

Broad generalizations leave him in a cold intellectual fury. Lawyers who attempt to impress him by reminding the court of "those eternal principles of justice ringing down the ages" do so only once. His broad jaw drops in anguish. His bushy gray eyebrows rise in horror. His face, a moment ago as serene and inquiring as Cardozo's, becomes as fierce as Daniel Webster's at the height of a peroration. The courtroom echoes with a sharp crack as he slaps a hand to his brow and leans far back in a tall leather armchair. "Rubbish!" he shouts, almost disappearing from view behind the bench.

The casual observer, watching Judge Hand charge up the front steps of the federal courthouse in New York or preside on the bench with majestic authority, would conclude that he was a tower of self-assurance. Actually he is torn by doubts and constantly re-examines his first principles. "What are the values? Do you know? Believe me, I do not," he will suddenly say to his law clerk during the discussion of a case. Although convinced that permanent solutions to the problems of life do not exist, he belies the thought by a ceaseless pursuit of solutions.

. . . "We were wrong," he told a group of lawyers some years ago, "in supposing that native intelligence or stupidity have much to do with the workings of democracy or the gift of liberty. It is a question of the habit, so hard to acquire, of detachment in forming beliefs, in the end, of a character of a people, not of its brains. A group of pretty dull men can manage fairly well, if they be disposed to suspend judgment where they do not know the facts, but nothing—I think you will agree—is

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more exasperating than a group of clever disputants each concealing behind his front of argument determined and uncompromising convictions which no evidence can touch."

". . . You know [Judge Hand told a friend visiting him in his chambers], I used to hope that I might be able to garner a harvest of wisdom. That has turned out to be a mistake, for I cannot see much further into the tangle of life than I could 50 years ago. I'm less disappointed than I should have thought. Indeed, there is solace in a companionship where all are groping their way equally in the same fog."

THE CALHOUN COMPANY*

As a part of the plan to move its executive and general offices into a new building, and several months before the move was to take place, the president of the Calhoun Company[1] approved the idea of setting up a central stenographic department. This department was to handle all the correspondence and reports for executives below the rank of vice-president in the company's many office departments, which were to be located in the new building. Up to this time these departments' stenographers had been located in offices adjoining those occupied by the heads of the departments for whom they worked. A number of these girls had been in private offices and thus separated from the clerical employees who worked for their departments.

The nature of the business was such that many of the department heads did considerable traveling and consequently were away from their offices for extended periods. During these absences their stenographers had little to do except to open the mail and distribute it to other members of the department and handle telephone calls. For some time the office manager, John Prentiss, had felt that the establishment of a central stenographic department would result in a saving of personnel as well as in a more efficient use of the time of the stenographic force. In the old building, where the girls, as well as the men to whom they reported, had become accustomed to working in adjoining offices, Prentiss had been reluctant to make this change; but now, with the prospect of new office quarters, he felt that the ideal time had come to try out the new arrangement. He discussed his proposal with his superior, Henry Flanders, who was assistant to the president, and found him heartily in accord with the idea. After discussing the general concept with the president, Flanders told Prentiss to go ahead with plans for making the change at the time when all the offices were transferred into the new building. He made it clear, however, that the secretaries of top management executives to whom the heads of departments reported, were not to be included in the central stenographic department. The clerical workers, whose duties were specialized to the particular departments where they worked, were not to be centralized but were to be adjacent to their respective department heads, as before.

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[1] All names have been disguised.

A few months before the completion of the building, Prentiss conferred with the personnel director about choosing a person to head up the new department. They agreed that this person should be chosen from the existing stenographic group. Mrs. Smith, a young woman in her early thirties, and reputed to be well liked by her associates, seemed to them to fulfill best the requirements for the job. A month before the move into the new building, Prentiss notified her of her promotion. Arrangements were made for her to visit business concerns in the vicinity where central stenographic departments were in operation so that she might gather information that would be helpful in administering the new organization. Mrs. Smith, as head of the central stenographic department, would report to Mr. Prentiss.

The announcement of the new central stenographic department, made three weeks before the move, was received with little enthusiasm. Several girls decided to leave the company rather than accept the change. Some said that they preferred to work for one man; others, that they could not stand one large room full of noisy typewriters. Many of the department heads who were affected by the new policy were also resentful. They contended that a personal stenographer was essential for the efficient conduct of their respective offices.

Although Prentiss knew that this change was not popular, he felt that the injured feelings of the department heads would be healed as the benefits from the new and improved service were realized. Granted that many of the department heads probably felt the loss of a personal secretary as something in the nature of a "demotion," nevertheless, Mr. Prentiss felt they should take it like "good soldiers" and in time would settle down and help to make the new plan work. He thought that the few die-hards should not be pampered.

As for the girls, Prentiss reassured himself, there was to be no change in their rate of pay; the only change was in working conditions. Opportunities for rate increases in the new department would be as good as they had been under the old plan. Moreover, when openings for secretarial work occurred in the offices of top management, these girls would be eligible for them. On the strength of this last statement, made publicly by Mr. Prentiss 10 days before the move was to take place, many of the younger and inexperienced girls decided to accept the transfer.

When the change was finally effected, Mrs. Smith did everything she could to make the plan work. She obtained new girls to replace some of the stenographers who had resigned because of the change. She

gave considerable attention to the new and inexperienced girls. She tried to maintain the service at a high level. As a result, she hoped that service and quality complaints from department heads would decrease. They continued to complain, however, (1) about errors made by stenographers who were unfamiliar with the terms used in their office; (2) about the slowness of the girls in bringing back in final form the work that had been assigned to them, particularly telegrams; and (3) about the excessive time they themselves had to spend in handling incoming and outgoing telephone calls and telegrams, which previously had been handled by their stenographers.

After the department had been in operation six months, Mrs. Smith suggested to Mr. Prentiss that perhaps some of these complaints might be eliminated if each department head were allowed to have priority claim on the time of some one girl in the central stenographic pool. This arrangement would allow the girl to become familiar with the particular work of one office, including the work habits of the department head. When she was not busy she might, of course, be used elsewhere. Mr. Prentiss, however, felt the time had not yet come to make such a move. In fact, both he and Mr. Flanders were very much opposed to the suggestion on the ground that, in time, it would defeat the very purposes for which the central stenographic department had been established.

During this period, when Mrs. Smith was not listening to complaints from department heads she had to listen to complaints from her girls. She had been reluctant to discuss her problems freely with Prentiss because of his sanguine and optimistic belief, frequently expressed, that the new move would, in time, gain the wholehearted acceptance of the department heads. However, about a year after the central stenographic department had been established, the problem became so acute that Mrs. Smith decided to bring the matter again to his attention. She felt that now certain reactions both from the girls and the department heads could no longer be ignored and passed off lightly. Complaints especially from the girls were creating an acute problem. They felt very strongly that (1) the work they were getting was mainly typing and generally uninteresting; (2) the department heads were employing clerical help in their offices and then using this help in stenographic capacities; (3) these clerks were being paid rates equal to those paid experienced stenographers; and (4) as a result, the girls in the general stenographic department were being forgotten so far as promotions were concerned.

Prentiss finally agreed that something must be done to prevent (1) this attempt to rebuild stenographic forces within the clerical departments and (2) this attempt to use the central stenographic department almost exclusively as a typing center. He brought the matter to the attention of Mr. Flanders. Flanders was also of the opinion that some action should be taken immediately to prevent a situation from developing which would impede the successful operation of the central stenographic department. He asked for time to review the whole matter.

Flanders reviewed the manner of operations as well as the results of the operation of the stenographic department from the time of its inception. He reached the conclusion that, generally speaking, the department was functioning successfully. He felt that Mrs. Smith was fully aware that her department was a service department in every sense of the word. She had tried hard and had been anxious to make the plan work. Its continued operation with certain modifications, seemed to him, therefore, to be desirable. All that was necessary, he thought, was to make certain minor changes, which would correct some of the complaints, and which would encourage the active support of those department heads who appeared to be resisting the change.

For more efficient use of the service, Flanders recommended that Mrs. Smith make the following changes at once: (1) install a telegram service so that the departments could telephone to the stenographic department their telegrams, which the girls could type, submit for approval, and finally deliver to the wire room; (2) add a page girl to deliver incoming mail and telegrams; and (3) install a call-box system which the department heads or other persons could use for calling the page girl whenever she was needed.

In addition to the foregoing changes, Flanders took the following steps:

(*a*) He apprised department heads of the study which Prentiss and he had made before they recommended the central stenographic department, and he solicited the former's co-operation to insure successful operation of the plan.

(*b*) He asked department heads to review the classification of each employee engaged in clerical work in order to ascertain whether she was actually doing the work for which she had been employed or was being used as a stenographer. The department heads were instructed to adjust classifications or duties wherever necessary.

(*c*) He notified the department heads that stenographers could be employed only by the Personnel Department on approval of Mr. Prentiss, the office manager.

(*d*) He notified the Personnel Department that it was not to fill a secretarial or stenographic position outside of the central stenographic department until every prospect within the stenographic department had been given an opportunity to qualify for the opening.

(*e*) He requested the wage and salary division of the president's office to watch for instances where departments were requesting increases for clerks because of a change in their duties. The department heads agreed that no such request for an increase would be approved until a request for a change in classification had been properly approved by the Personnel Department and Mr. Prentiss.

Following these changes, conditions improved; but it was the opinion of Mrs. Smith that, even so, the plan still did not have the full support of all department heads. Some continued to feel that the company was losing in efficient service by not assigning stenographic help to their departments. During the following year several openings for secretaries in the private offices of top management were filled by girls from the stenographic department. These promotions, Mrs. Smith felt, helped considerably in building up the morale of the girls in the central stenographic department. They helped to bolster the girls' faith in the original promise that they would be considered when openings occurred. Mrs. Smith also rewarded the good work of some of the girls with sizable increases in salary, so that, almost two years after her department was organized, several girls were earning salaries comparable to those of the girls in the private offices of the top management executives. She was still, however, far from satisfied with what had been accomplished by the change.

One day she stated some of her doubts to Mr. Prentiss, and to her astonishment she found that he, too, shared some of her doubts about the success of the new arrangement. Mr. Prentiss wondered what might have been done and, even more important, what still should be done to get the full support and co-operation of the department heads and the girls. He even was beginning to entertain the idea that perhaps the company should go back to its old method of operation.

QUESTIONS

1. What do you think of the way in which the decision was reached to establish a central stenographic department? What do you make of the fact that it was after this decision was reached that Mrs. Smith was sent out to visit other companies?
2. Why did Mr. Prentiss want to establish the central stenographic department? Why did the department heads oppose the plan?
3. What significance do you attach to the fact that several girls decided to leave the company rather than accept the change? What significance did Prentiss attach to this fact?
4. Why did not the department heads accept Prentiss' reasoning on the matter? Why did not Prentiss accept the department heads' reasoning on the matter?
5. What did Mr. Prentiss mean by saying that the department heads "should take it like 'good soldiers'" and that the "die-hards should not be pampered"?
6. What did Prentiss and Flanders have in mind when they opposed Mrs. Smith's plan (to give each department priority claim on the time of some one girl) on the ground that it would "defeat the very purpose" of the central stenographic department?
7. What do you make of the fact that Flanders was willing to take considerable trouble and spend considerable money to make the central stenographic department more "efficient"?
8. Why was the decision to create a central stenographic department still opposed by the department heads after two years and in spite of the alterations in the original plan?

From *THE YOGI AND THE COMMISSAR**

by

ARTHUR KOESTLER

I. THE STATIC SPECTRUM

I like to imagine an instrument which would enable us to break up patterns of social behaviour as the physicist breaks up a beam of rays. Looking through this sociological spectroscope we would see spread out under the diffraction grating the rainbow-coloured spectrum of all possible human attitudes to life. The whole distressing muddle would become neat, clear and comprehensive.

On one end of the spectrum, obviously on the infra-red end, we would see the Commissar. The Commissar believes in Change from Without. He believes that all the pests of humanity, including constipation and the Oedipus complex, can and will be cured by Revolution, that is, by a radical reorganisation of the system of production and distribution of goods; that this end justifies the use of all means, including violence, ruse, treachery, and poison; that logical reasoning is an unfailing compass and the Universe a kind of very large clockwork in which a very large number of electrons once set into motion will forever revolve in their predictable orbits; and that whosoever believes in anything else is an escapist. This end of the spectrum has the lowest frequency of vibrations and is, in a way, the coarsest component of the beam; but it conveys the maximum amount of heat.

On the other end of the spectrum, where the waves become so short and of such high frequency that the eye no longer sees them, colourless, warmthless but all-penetrating, crouches the Yogi, melting away in the ultra-violet. He has no objection to calling the universe a clockwork, but he thinks that it could be called, with about the same amount of truth, a musical-box or a fishpond. He believes that the End is unpredictable and that the Means alone count. He rejects violence under any circumstances. He believes that logical reasoning gradually loses its compass value as the mind approaches the magnetic pole of Truth or the Absolute, which alone matters. He believes that nothing can be improved by

* New York, 1946, pp. 3–6. Copyright, 1945, by Arthur Koestler and used by permission of The Macmillan Company, publishers.

exterior organisation and everything by the individual effort from within; and that whosoever believes in anything else is an escapist. He believes that the debt-servitude imposed upon the peasants of India by the money lenders should be abolished not by financial legislation but by spiritual means. He believes that each individual is alone, but attached to the all-one by an invisible umbilical cord; that his creative forces, his goodness, trueness and usefulness can alone be nourished by the sap which reaches him through this cord; and that his only task during his earthly life is to avoid any action, emotion or thought which might lead to a breaking of the cord. This avoidance has to be maintained by a difficult, elaborate technique, the only kind of technique which he accepts.

Between these two extremes are spread out in a continuous sequence the spectral lines of the more sedate human attitudes. The more we approach its centre, the more does the spectrum become blurred and woolly. On the other hand, this increase of wool on the naked spectral bodies makes them look more decent, and intercourse with them more civilised. You cannot argue with a naked Commissar—he starts at once to beat his chest and next he strangles you, whether you be friend or foe, in his deadly embrace. You cannot argue with the ultra-violet skeleton either, because words mean nothing to him. You can argue with post-war planners, Fabians, Quakers, liberals and philanthropists. But the argument will lead nowhere, for the real issue remains between the Yogi and the Commissar, between the fundamental conceptions of Change from Without and Change from Within.

It is easy to say that all that is wanted is a synthesis—the synthesis between saint and revolutionary; but so far this has never been achieved. What has been achieved are various motley forms of compromise—the blurred intermediary bands of the spectrum—compromise but not synthesis. Apparently the two elements do not mix, and this may be one of the reasons why we have made such a mess of our History. The Commissar's emotional energies are fixed on the relation between individual and society, the Yogi's on the relation between the individual and the universe. Again it is easy to say that all that is wanted is a little mutual effort. One might as well ask a homosexual to make a little effort towards the opposite sex, and vice versa.

THE COMMISSAR'S DILEMMA

All attempts to change the nature of man by Commissar methods have so far failed, from Spartacus's Sun State through Inquisition and

Reformation to Soviet Russia. This failure seems to be rooted in two disturbing phenomena which Kant could have called the Antinomies of Applied Reasoning. The first is the Antinomy of the Serpentine; the second the Antinomy of the Slopes.

The peak of Utopia is steep; the serpentine road which leads up to it has many tortuous curves. While you are moving up the road you never face the peak, your direction is the tangent, leading nowhere. If a great mass of people are pushing forward along the serpentine they will, according to the fatal laws of inertia, push their leader off the road and then follow him, the whole movement flying off at the tangent into the nowhere. That is what happened to most revolutionary movements, where the mass-impulse is strong and the inertia of the mass is converted into a violent centrifugal force. In the more cautious reformist movements, on the other hand, the momentum soon fades out and the ascending spiral first becomes a weary circling round and round the peak without gaining in height until it finally degenerates into a descending spiral; e.g., the Trade Unionist movement.

The second root of failure is the Antinomy of the Slopes, or of Ends and Means. Either the Means are subordinated to the End, or vice versa. Theoretically you may build up elaborate liberal or religious halfway houses; but if burdened with responsibility, and confronted with a practical decision to be taken, you have to choose one way or the other. Once you have chosen you are on the slope. If you have chosen to subordinate the Means to the End, the slope makes you slide down deeper and deeper on a moving carpet of common-sense propositions, for instance: the right of self-defense—the best defense is attack—increase of ruthlessness shortens the struggle, etc. Another well-known slope-pattern starts with the "Healer's Knife" and ends with the Moscow Purges. The fatal mechanism of this slope was already known to Pascal:

Man is neither angel nor brute, and his misery is that he who would act the angel acts the brute.

The Yogi's Dilemma

The attempts to produce Change from Within on a mass-scale were equally unsuccessful. Whenever an attempt was made to organise saintliness by exterior means, the organisers were caught in the same dilemmas. The Inquisition flew off at a tangent; the Churches in the liberal era circle round and round the peak without gaining height. To subordinate the End to the Means leads to a slope as fatal as the inverse one.

Gandhi's slope started with non-violence and made him gradually slide down to his present position of non-resistance to Japanese conquest: the Japanese might kill a few million Indians but some day they would get tired of it, and thus the moral integrity of India would be saved.

Obviously the prospects for the masses of common people are not brighter under this inverted Machiavellianism than under the leadership of the Commissars. One slope leads to the Inquisition and the Purges; the other to passive submission to bayoneting and raping; to villages without sewerage, septic childbeds and trachoma.

From *THE STRUCTURE OF INDUSTRY**

by

JOHN HARRY JONES

We work in order that we may live. The means of existence do not fall like manna from Heaven: they must be acquired through effort on our part. Nature responds to our endeavour and punishes us for our idleness: she is at once a powerful friend and a merciless foe. Being human beings we seek more than bare existence and aim at the highest standard of living made possible by the interplay of natural resources and human intelligence, the latter expressing itself in invention, organisation, acquired skill and application. We work and live as members of a community, and our combined intelligence, working through the ages, has enabled us to build up the present economic system, with all its virtues and faults. The system within which we work is a stage in the evolution from something that differed to something that will again differ from the present system.

But one feature of that system will remain unchanged. We and our descendants, like our ancestors in the past, will always be members of a community and will therefore always work as individuals within an industrial system. This simple fact is of profound significance. Within the limits set by his physical environment, Robinson Crusoe knew that his own economic reward or penalty was determined by his personal efforts. He worked under the influence of a direct and continuous incentive. The reward or standard of life possible to a community, however, is determined by the combined efforts of its members, each of whom contributes but a minute fraction to the total. Thus the standard of life possible to any single member is determined not by his individual contribution but by the combined contribution of all the others. If, however, he (and each in turn) ceased to provide his individual contribution, as being a negligible part of the whole, there would be no reward: the industrial structure would collapse. An industrial system can only operate if it provides and maintains an incentive to individual effort, be that incentive a sense of duty to the community, interest in the work, desire for pri-

* London: Samson Low, Marston & Co., Ltd., 1948, pp. 1–3. Quoted by permission of the publishers.

vate gain or fear of punishment. The central economic problem is the problem of incentive. No structure of industry can be satisfactory which does not contain within itself the necessary incentive not merely to effort but also to intelligent and sustained effort.

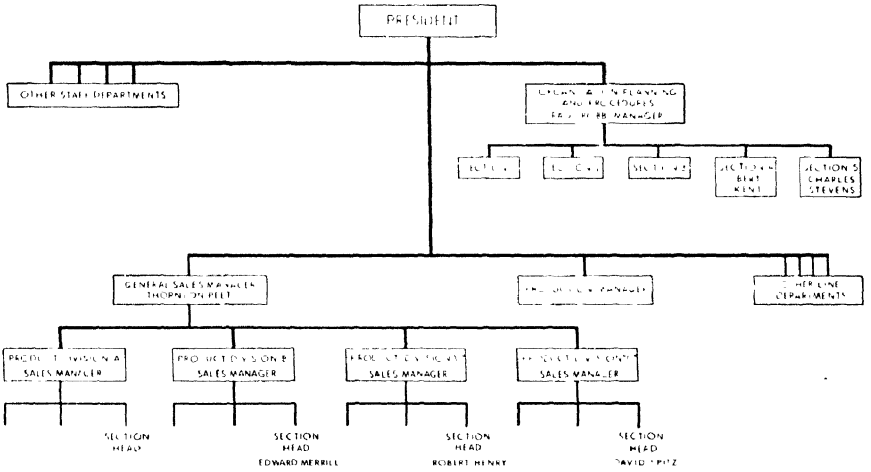
To say that the purpose of industry is to reach and maintain the highest standard of living or the maximum continuous supply of goods and services permitted by natural and human resources is to repeat a truism. Nevertheless, it is a truism that needs to be emphasised in the present confusion of public discussion. Work is not an end in itself but the means of procuring the things that we need and desire. Work (as distinguished from recreation) which does not at least aim at contributing to the goods and services desired by the community is purposeless and represents waste of effort. If a man were seen repeatedly filling a bucket from an incoming wave and throwing the contents back into the sea he would be regarded as abnormal and in need of medical attention. Nor is it likely that opinion about him would change if he said that he could find no useful work to do.

BELMONT-WHITE COMPANY*

Two months ago at an operating committee meeting, the president of the Belmont-White Company[1] asked Thornton Peet, the general sales manager, and Paul Robb, manager of the organization planning and procedures department, to get together and determine if better forecasts of sales and of inventory requirements could be made avail-

EXHIBIT 1

BELMONT - WHITE COMPANY
PARTIAL ORGANIZATION CHART



able in order to improve factory schedules, financial planning, and so on. Bert Kent and Charles Stevens, both of whom worked for Robb, and Robert Henry, Edwin Merrill, and David Spitz of the sales department were assigned by Robb and Peet, respectively, to work on the problem. Stevens and Henry, being older and more experienced and being regarded as rather senior men, immediately became the informal leaders of the work group. The five men worked out the technical problems to the satisfaction of both Stevens and Henry. The group

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[1] All names have been disguised.

attempted to consult with their immediate superiors as the work progressed. After the study had been under way for some time, Robert Henry told Stevens that he, Merrill and Spitz seemed to be blocked by the opposition of the product division managers. Henry also told Stevens that he felt he "could not go over the division managers' heads" to Mr. Peet, the general sales manager, and he asked Stevens to have his boss, Mr. Robb, inquire of the sales manager whether a conference might not be held to appraise the progress of the work. Stevens told Mr. Robb of Henry's request and the reason for it. Accordingly, Robb talked to Peet on the matter. Thornton Peet, the sales manager, acquiesced, as he believed the problem ought to be solved as rapidly as possible. Peet invited the four product division managers, Paul Robb, and the five-man working group to the conference and set the time for it. Peet told Henry to go ahead with Stevens and set up the presentation to be made at the conference.

As Henry and Stevens planned the conference, they decided that the group from the sales department—Henry, Merrill, and Spitz—were really on the spot. Henry, Merrill, and Spitz all agreed that in order not to embarrass them or their bosses, the presentation of the joint conclusions of the working group ought to be made by Stevens.

At the meeting, Thornton Peet, the four product division managers, and the three men from sales who worked on the study were present, as were Paul Robb of the organization planning and procedures department, and his two assistants, Stevens and Kent. When Mr. Peet asked who was going to report progress, Henry suggested that Stevens was the best man to present their findings. Peet asked Robb if that was "O.K." When the latter agreed, Stevens used half an hour to outline the concept of their work; he stated that both groups had agreed upon details and believed their recommendations would work; they were prepared to take personal responsibility for them. Both Merrill and Spitz asked Henry to amplify certain points during the presentation. It seemed to Robb that they had in mind clarifying matters for their own bosses who might be opposed or might not understand.

Following Stevens' statement, the sales manager called upon his product division managers to give their reactions to the proposals. One of them gave the plan lukewarm support; the three others said it could not be accomplished. There was much discussion among the three who were opposed. Occasionally, Henry, Merrill, and Spitz tried

to get a word in edgewise without much success. Once Bert Kent asked Division B manager a question; the effect seemed to be mild anger at being interrupted.

Paul Robb watched the whole proceeding with interest. He recalled that it had seemed to him that for the past two years this same group of four product managers had opposed every step involving changes in methods or procedures. In his opinion, "their delaying tactics" had been costly to the company. Robb knew that the president expected him to break some of these bottlenecks. Robb was only a staff advisor but he knew he "had the president's ear" whenever he needed it. He considered the sales manager to be progressive and thought Peet could not tolerate these conditions much longer. It seemed to Robb that Peet had line responsibility to get something done in this area. Robb liked these "old line" product managers, and did not want to hurt them if he could avoid it.

While Robb was in the midst of these musings and after two hours of apparently fruitless discussion, Thornton Peet turned to him and said: "Robb, you have heard this whole discussion, what do you think we ought to do next?"

QUESTIONS

1. On the basis of material presented here, what would you say was going on:
   a) Within the Belmont-White organization?
   b) During the conference itself?
2. In Robb's position at the end of the case, what would you say or do:
   a) Within the next minute?
   b) Within the next twenty-four hours?
   c) Within the next week or two?

*THE DARK EYE IN AFRICA**

by

LAURENS VAN DER POST

. . . this overworked importance of economics in our values more than any other factor is responsible for the grim shocks that we have had to endure in our relationships with Asiatic and African peoples. I shall never forget a sad, embittered moment after the war when the Dutch leaders in Java realized for the first time that the desire of the Indonesians to see them leave those lovely emerald islands of the East was no passing emotion and that their empire, the third largest in the world, was tumbling around them. I remember the governor-general turning to me and saying, "I cannot understand it. Look at the schools and the hospitals we have given them. A hundred years ago the population was only a few millions, today it is nearly sixty millions. We have done away with malaria, plague and dysentery and given them a prosperous, balanced economy. Everyone has enough to eat. We have given them an honest and efficient administration and abolished civil war and piracy. Look at the roads, the railways, the industries—and yet they want us to go. Can you tell me why they want us to go?" And I felt compelled to say, "Yes, I think I can: I'm afraid it is because you've never had the right look in the eye when you spoke to them."

It may sound inadequate, but just think, for one moment, of the light that is in the eye of a human being when he looks at another human being he loves and respects as an equal. Then remember the look in the eye of the average European when he is in contact with "a lesser breed without the law," and you will understand what I mean. The difference between the two, I believe, is the explosive that has blown the Europeans out of one country after another during our time.

*New York: William Morrow & Company, 1955, pp. 116-17. Reproduced by permission of the author and publisher.

A DOCTOR'S CASE*

Let me give you a case. At least, I think this is a case.

In my first year in medical school[1] I had an experience which has always stuck with me. One afternoon during an examination I became aware that two of my classmates were passing pieces of paper back and forth between themselves. I noticed that one would pass a piece of paper with writing on it to the other, who would read it, write something on his examination paper, then write something on a piece of paper and pass it back to his friend. During the examination, this happened several times. I was positive that they were cheating.

I was torn by inner conflict in wondering what, if anything, I should do about this situation. It seemed to me that such conduct could not be tolerated in any student. It seemed to me that men who would cheat in an examination were not worthy nor fitted to assume the responsibilities of the medical profession. Also, it seemed to me that it was unfair to the rest of the class that these men should have the advantage of *two* minds while taking the examination. Of course, I thought, the advantage they would have over the rest of the class wouldn't be much. At most, it probably wouldn't do much more than move them up on the rank list from, say, 38th place to 36th, or from 10th to 9th, or something of the sort. But in the awarding of scholarships and prizes, even one place could make a difference. And, anyway, it just struck me as "unfair" to the rest of us. Moreover, cheating seemed to me to be something of a "sin" against the traditions of our school for which I had already developed great loyalty and respect.

I felt something ought to be done about these men. But I couldn't think what. I knew that I simply could not bring myself to report them. I told myself, again and again, that I *could* be wrong, even

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[1] All names have been disguised.

though, actually, it was really crystal-clear in my mind that they had been exchanging information and that that was *cheating* in anybody's book. But even so, I could not—would not—be a "squealer."

Over the weekend I was home, and I told my father about this thing. I told him that I felt that something ought to be done but that I didn't know what to do. I told him that I couldn't bring myself to "squeal." He agreed with me, both that something ought to be done and that I couldn't, or shouldn't, be a "squealer." He also said he thought the school shouldn't give the kind of examinations where it would be useful or possible for a couple of men to gain an advantage over the rest by being able to confer surreptitiously with each other. He said they were giving the wrong kind of examination. He argued that in real life doctors can and do consult one another. He said they should give examinations in which the students were perfectly free to consult with each other, any medical books, and anything else they thought might be useful before writing their answers. He said that he thought that the real measure of a man's ability was how good a judgment he could come up with after he put his own ideas together with any other ideas—some of which might well be conflicting—he could get from other sources available to him.

I said I thought there was a lot in that, but that it really was beside the point, circumstances being what they were. He agreed, but repeated that the school shouldn't give examinations wherein any question of cheating could be involved. He said it wasn't "worthy" of the school to give examinations like that. I said perhaps that was right, but repeated that that didn't help me in this particular situation. We left it at that.

On Monday, I was still very much disturbed about this matter, perhaps even more than at first, because I had been "stewing" over it for several days. It seemed to me I was like Hamlet when he couldn't figure out whether "to be or not to be." At lunch I told a couple of my friends about this thing which had been on my mind, and asked them what *they* would do. Both men seemed to feel strongly that something ought to be done about it but that, "certainly," I couldn't "snitch." One of them asked who the men were who were involved. I said I felt that I couldn't say. He replied, "Yeah, that's right. I guess you really shouldn't." We talked about it for an hour without getting anywhere.

That afternoon I went to Dr. Griswold, one of my professors in another course, and told him about the situation. I didn't mention any names. I asked him if he had any ideas as to what he would do in a similar circumstance. I also told him of what my father had said. He was very much disturbed that there should be students at the school who would cheat. He said they should be "thrown out," and that if he had to vote on it in a faculty meeting he would vote to expel them immediately. But he said that, "of course," I, as their fellow-student, couldn't report them. He didn't ask me their names. He agreed with my father about the examinations. He also went on to say this kind of a situation had come up at least once before. He had formed the opinion that if they were going to give examinations of that sort, they ought either to monitor the examination so thoroughly that it would be impossible to cheat undetected, or that they should have an "Honor System" whereby it would be thoroughly accepted by everyone that each student would be honor-bound to report any cheating which came to his attention. He said that if they were going to give examinations like that the school should decide whether it was "going to be fish or fowl," and adopt one system or another and not leave it up in the air. I pointed out that that didn't help me in my problem. He agreed and said it was a "tough one."

That night, the situation seemed to go round and round in my head. And it did all the next morning, too. I happened to run into Dr. Griswold in the hall at noon. He said that he and his wife had had another doctor and his wife in for dinner the night before and that he had told them about the situation I had described to him, "without mentioning any names." He said that the four of them had talked about the case for almost two hours, and that the discussion had gotten "pretty warm" at moments. He said that his wife and the other doctor had argued that I should report the two men immediately and that I had made a serious mistake to delay the matter. In fact, the other doctor said he doubted if I had the "right attitude" seeing as how I had even hesitated about reporting the men. The other doctor's wife had argued that a man in my position really shouldn't pass judgment on others or "feel any holier than anyone else." Dr. Griswold laughed, and said, "So there you are." The idea that *I* might be showing the wrong attitude by *not* reporting these men bothered me deeply. But so did the comment of the other doctor's wife about being

"holier" than someone else. I wondered if I was being "stuffy," "self-righteous," or quixotic.

That afternoon, I went to Dean Parker and told him about this situation, without mentioning any names—not even which examination had been involved. I told him that I felt kind of foolish bringing such a problem to him, but I felt that an important issue was involved. I also told him about my conversations with my father, my friends, and "one of the professors," whom I did not name. He listened very quietly and attentively. When I got through he said that he thought it was serious, all right. He said that if the matter was brought to him "officially" he would call the men in and tell them he thought such conduct was "outrageous" and "completely unworthy," and that they had better think things over and "search their hearts" to decide whether they were "up to the responsibilities they would assume as doctors." He said that, so far as he was concerned, he probably would hesitate to expel them, since he felt "every man probably deserves a second chance," but that this "breach of ethics" had, at least, to be noted and profoundly impressed upon these men. He went on to say that he was quite sure that most of the Faculty, especially the younger men, would vote to expel these men forthwith. I asked him if he thought I should report these men to him "officially." He said, "No—I don't think so. I don't really see how you could. I don't think I could." He asked me if I had considered just going, myself, to these men and telling them that I had seen what they had done and ask them if they thought it was right. I said I hadn't.

My talk with Dean Parker wound up with his suggesting that, if I wanted to, I might talk it over with Dr. Sorrel, one of the members of the faculty who had come to be sort of an informal personal counselor to students. I knew Dr. Sorrel slightly. I thanked him for talking it over with me and said that I'd think about it some more.

From *HUMAN DESTINY**

by

LECOMTE DU NOÜY

The only goal of man should be the attainment of human dignity with all its implications. In other words, all his intellectual acquisitions, all the facilities which society puts at his disposal—schools, universities, libraries, laboratories; all those offered by religion; all the occasions given him to develop his own aptitudes, his work, his leisure, must be considered by him as tools destined to improve his personality, his moral self and to make it progress. He commits an error if he sees in education and instruction a means of increasing the field of his intellectual activity, his power, or his prestige, or a means to enrich himself materially. . . .

Let him combat and persuade himself before trying to persuade or combat others. Let him, by all the means at his disposal, concentrate his will on the construction of an unshakeable faith even though it be only a faith in the dignity and destiny of man. The method he employs is of no importance. We have said it before: no matter what road is chosen the travelers who started from different valleys will all meet on top of the mountain, provided they keep on ascending. No one must pride himself on having chosen the best route nor force his neighbor to follow him. Everyone takes the path which suits him best, imposed by the structure of the brain, by heredity, by traditions. One can offer support, enlightenment, help. But what succeeds with one may fail with others, and every man must wage his own fight without which he cannot progress. There is no short cut to truth. . . .

Our intellectual endeavors, our whole science will be of no avail if they do not lead man to a better comprehension of himself, of the meaning of his life, and of the resources buried in his inner self.

* New York: Longmans, Green & Co., 1947, pp. 244–45, 255. Quoted by permission of the publishers and Mrs. du Noüy.

From *THE MEETING OF EAST AND WEST**

by

F. S. C. NORTHROP

. . . the nature, not merely of human affairs but of all things, is in part indeterminate . . . consequently a wise man, an informed man, will never absolutely commit himself. It is likely that this is what lies behind the intense shame which comes upon an Oriental if he "loses face." One loses face when one has committed himself to a specific, determinate future course of events from which one cannot gracefully retreat if the events turn out to be otherwise than was anticipated when the commitment was made. A person in the Orient who put himself in such a position is covered with shame because he has disregarded what the Orient teaches man to believe is one of the most elementary facts about human experience and the nature of things generally; namely, their indeterminateness and contingency.

This belief also makes the traditional Oriental suspicious of moral codes that lay down determinate, specific lines of conduct which must hold under all circumstances. Determinate things in the world are transitory. Hence, any rules based upon them can never be expected to hold under all circumstances; and consequently the dying of man or the sacrifice of human beings for determinate, concrete moral precepts shows a lack of religious as well as philosophical and scientific wisdom. . . .

*New York: The MacMillan Company, 1946, pp. 344–45. Reproduced by permission of the publishers.

THE WHITTIER SCHOOL PARENT TEACHER ASSOCIATION*

Boy Scout Troop 3 met at the John Greenleaf Whittier School in a downtown residential area of the Metropolitan Council, Inc., B.S.A. The school's Parent Teacher Association had sponsored the troop for nine years. There was a close relationship between the troop and the sponsoring organization.

The District Scout Executive described the troop in the following terms:

> "Troop 3 participates in district activities and always sends a good number of boys to summer camp. It has been managed by an active committee since it was organized. There have been a number of different Scoutmasters but each one has made a special effort not to dominate the troop committee or the planning efforts of the junior leaders. I would say that each one of these men has tried sincerely to be a counselor and a guide to the boys rather than a dynamic leader.
>
> "The current Scoutmaster is John Rice. His son is a member of the troop. John had no previous experience when he was appointed a year ago. He is section head at a large insurance company. He has a quiet, friendly manner and makes up for what he lacks in Scouting 'know-how' by applying good sound judgment to the administration of troop affairs.
>
> "For the last few years the troop has been actively managed by a series of assistant Scoutmasters, men who have come up through the ranks and continued with the troop until they went away to college or into military service. These young fellows have pretty much kept things going and the Scoutmaster has been largely in the background.
>
> "I would say that this is an ideal average troop. I can depend on the committee and the sponsor if things get rough. I wish all of my troops gave me as little worry as this one."

*Reproduced by special permission from *The Scout Master: Cases in Troop Operation* by Charles H. Savage, Jr. (Portland, Oregon: The Case Exchange Panel, Copyright, 1955), pp. 25-30.

In the fall following John Rice's appointment as Scoutmaster, the assistant who had been running the troop left to go to college and John asked Ralph O'Brien to fill the vacancy. Ralph was an Eagle Scout who had just passed his 18th birthday. Although he had been only semiactive prior to the time when Mr. Rice solicited his services, Ralph determined to take a firm hand in the running of troop activities. His first move was to call a meeting of the troop leaders' council. The meeting was attended by the patrol leaders, the senior patrol leader, the scribe, one of the boys' fathers who served with the title of assistant Scoutmaster, and John Rice, the Scoutmaster.

Ralph told the group that in the past there had been too many people giving orders at troop meetings. Rice took this as an obvious reference to Ralph's predecessor, an easy-going young man, and to the usual complement of adult leaders, committeemen, and boy leaders that were on hand for troop meetings. Ralph stated that the lack of centralized authority was confusing to everyone concerned and that, to set things straight, he planned to run all the activities personally until Boy Scout Week which came four months later in February. After Boy Scout Week, he said, he planned to turn the running of these activities over to the senior patrol leader. He also announced that, for the time being, the practice of patrol leaders' signing the advancement cards used in passing Scout tests would be terminated, and that in the immediate future only the senior patrol leader and himself would perform this function.

In the months that followed Ralph's announcement, Mr. Rice noticed that attendance at weekly meetings had increased, and that there seemed to be more interest in Scout advancement and patrol activities. One thing did perplex him, however, and that was the conduct of Ronnie Fox, a boy in whom he had previously had great confidence.

Ronnie, 15 years of age and a Star Scout, had always been popular with the younger boys and an important factor in troop activities. He had taken over a patrol that was practically nonexistent, and in a year's time had built it into the largest in the troop, recruiting most of the new members himself. Because of this fact, and because there was no other candidate in sight for the post, Ralph's predecessor, the previous assistant Scoutmaster, had been grooming Ronnie for the job of senior patrol leader. Before Ralph appeared on the scene,

Ronnie had turned his patrol over to a successor, and was being trained in the duties of senior patrol leader by the boy who currently had the position. In this connection, Ronnie supervised many of the games, line-ups, and other troop activities. After Ralph's arrival, Ronnie's status became somewhat indefinite. While he lined up with the other troop leaders, he had no title as such. He continued to wear his patrol leader's badge. Some evidence came to Scoutmaster Rice's attention that Ronnie was beginning to push some of the younger boys around. The only apparent notice that Ralph took of Ronnie's presence was to instruct the scribe that exemption from weekly dues, a privilege extended to other troop leaders, was not to be extended to Ronnie.

Scoutmaster Rice decided that the time had come to have a talk with Ronnie and, taking him aside in an empty classroom one troop-meeting night, he held the following conversation with him.

RICE: How do you think things have been going in the troop, Ronnie?

RONNIE: Oh, pretty good. I guess, Mr. Rice.

RICE: Sometimes I don't think you've got your old enthusiasm.

RONNIE: Some of the fellows in the "Hill crowd" think I got a dirty deal.

RICE: How's that?

RONNIE: If the election of a senior patrol leader had been held last September when it's always held, I would have had it without any trouble. Now I don't think I'll ever get elected.

RICE: Why wouldn't you get elected now?

RONNIE: I've had to run troop activities without any title or authority and that means you have to bawl the kids out once in a while and I don't suppose it's helped me any. I've kind of been out of things and, in the meantime, the other patrol leaders have been building up their patrols and advancing in rank. I think even Leo Graham would get more votes than me, and he's only been a patrol leader for four months. All the kids like him. There's quite a bit of feeling between the fellows in my crowd that live up on the hill and the rest of the patrols that live down here near the school. I think the "Hill crowd" is on the outs with those that run things in the troop and I wouldn't be surprised if Ralph O'Brien is bringing along one of the others to break him in as senior patrol leader. Maybe it's

Joe Kearns, the troop scribe. He's pretty thick with Ralph.

RICE: Much of what you say is news to me, Ronnie, but I'll tell you one thing. I'm going to look into this situation, and you'll get every consideration that's due you.

The following Sunday morning, after church, Scoutmaster Rice asked Ralph O'Brien to drop over to his house, and they conversed as follows:

RICE: Hello, Ralph. How are you? Ralph, I want to tell you that we all appreciate the fine job you are doing. I'm afraid though that we may have been a little bit inconsiderate of Ronnie Fox' position. (At this point he summarized briefly his conversation with Ronnie.)

RALPH: Oh, he shouldn't feel that way. We all think he's a swell guy. I just had to crack down on the situation last fall, even if it did mean postponing the annual election of a senior patrol leader. I think it will make it a lot easier for the new senior patrol leader to run the troop after I've broken the troop in to a system. We're going to have an election in a week or two and after that I'm going to concentrate on working with individual Scouts on their advancement. That's much more important as far as I'm concerned.

RICE: Have you been conscious of any friction between different factions in the troop?

RALPH: First I've heard of it. It just happens that two of the patrol leaders, the senior patrol leader and the scribe live in the school neighborhood. Ronnie's been to all the troop council meetings.

RICE: Do you think Ronnie would make a good senior patrol leader?

RALPH: That's a hard question to answer. I think he'll be one of the top candidates.

RICE: Which do you personally think would make the best candidate? Your answer is strictly off the record, of course.

RALPH: Personally I'd like to see Joe Kearns, the troop scribe, get it. He's more personable than Ronnie and he's done a swell job as scribe and been a big help to me by keeping all the troop records in order.

RICE: How do you think he would be at running the troop activities?

RALPH: That's his only drawback. He lacks self-confidence when he's on his feet. I tried to get him to take over the closing ceremonies

at the troop meetings but it wasn't very successful. Ronnie's good at running troop activities and he likes to be up in front, but I'm afraid he's the type that would soon run out of ideas.

RICE: Ralph, I want you to go ahead and announce at the next troop meeting that the election of a senior patrol leader will be held the following week. That way we can announce the results at the big Parents Night program which is two weeks away. I've checked the roster and Ronnie, the three patrol leaders, and Joe Kearns, the troop scribe, are the boys who are eligible to be candidates by virtue of their age, their First Class Scout rank, and the fact that they've had leadership experience.

RALPH: OK, Mr. Rice. After what you've told me I'll feel better when it's all over.

The night of the election each candidate was given five minutes to present his qualifications. Ronnie in his remarks stated that because of his rank, experience, and attendance at troop activities for many years he felt that he merited the job. Leo Graham, the leader of one of the patrols, had prepared a number of campaign posters. He gave an enthusiastic talk promising bigger and better troop activities if elected. Tom Young, the last of the five speakers, declared that he wished to continue with his patrol and urged his friends to vote for one of the other candidates.

The Scouts filled out their ballots after the Scoutmaster had given final voting instructions. Each Scout was to mark the number "5" next to the name of his first choice and so down the list, giving a number "1" to his last choice. The voting, according to Rice, was conducted in a quiet, respectful atmosphere. Afterwards Mr. Rice sealed the ballots and stated that the results would be announced at the Parents Night the following week.[1]

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[1] The ballot handed out for election of senior patrol leader was as follows.

Instructions: Place a 5 next to the name of your first choice, 4 next to your second choice, and so on till you have listed all choices, first to last.

Jack Brennan _____

Ronnie Fox _____

Leo Graham _____

Joe Kearns _____

Tom Young _____

Counting the ballots at home after the meeting, Mr. Rice found these the final results:

Leo Graham	117 points
Ronnie Fox	113 points
Joe Kearns (scribe)	86 points
Jack Brennan	77 points
Tom Young	54 points

Somewhat perplexed after seeing these results, Rice telephoned the troop chairman and the two men discussed the results at great length. They both came to the conclusion that, since some injustice might have been done to Ronnie in postponing the election, the results should be set aside and Ronnie given the job. Since Leo Graham was younger and had been a patrol leader for only four months, they felt he would have ample opportunity to fill the position when Ronnie's term expired next fall. The troop chairman further suggested that, in fairness to Leo Graham, the situation should be explained to him in confidence so that he would know why the voting results were set aside. Scoutmaster Rice agreed to this procedure.

Preparations for the Parents Night program and overtime duty at the office where he worked made it impossible for Mr. Rice to see Leo until the night of the meeting. That night he telephoned Leo and told him he would pick him up and drive him to the meeting since there was something he wished to discuss. During the trip Mr. Rice explained briefly the results of the election and what he proposed to do. Leo showed no reaction. When they arrived at the school, Mr. Rice immediately became engaged with the arriving parents and gave the matter no more thought. Later in the evening, Ronnie Fox was called forward and presented with his badge as senior patrol leader.

The following day, Mr. Rice received a telephone call from Leo Graham's father, who was obviously much upset:

GRAHAM: What in hell are you people doing down there? My son gets elected and they give it to some other kid. What kind of a way is that to run a Scout Troop?

RICE: I think the whole thing can be explained.

GRAHAM: What explanation can there be? My kid works harder in that troop than anyone else. He's always working on merit badges and I'm beginning to wonder if it isn't hurting his school work.

I don't think you realize what a blow that was to him last night. He was up late nights for a week making those posters.

RICE: I'll grant you, Mr. Graham, that I should have taken more time last night to explain this whole situation to Leo. I just couldn't get the time during the week. There is an explanation. The senior patrol leader is actually appointed by the Scoutmaster and the troop committee. The vote of the boys was intended simply as a guide to us in making our decision.

GRAHAM: Hell, why have an election at all? Why build the boy's hopes up?

RICE: If the vote had not been so close, I never would have set it aside. (Here Mr. Rice explained the background involving Ronnie Fox that led up to the election.)

GRAHAM: Well, why did you have to tell my kid? He's just been shattered! Another thing, I believe that I had a right as a parent to be brought in on this thing. If I had known the facts I could have advised Leo. Some of those fellows on the committee know me well enough to have given me a call.

RICE: I think we considered the welfare of your boy in this situation. He'll probably be elected senior patrol leader in the fall. Another few months with his patrol will better equip him to handle the job. I think the whole thing works out to his advantage.

GRAHAM: Listen, Rice, I don't know much about Scouting but I do know the rules of good sportsmanship. I don't care who you have as senior patrol leader, but I'm going to insist that the results of that election be announced to all of the boys at the next meeting of the troop. (The call ended at this point on what Rice thought was a decidedly unfriendly note.)

From *LAY MORALS**

by

ROBERT LOUIS STEVENSON

The problem of education is twofold: first to know, and then to utter. Every one who lives any semblance of an inner life thinks more nobly and profoundly than he speaks; and the best of teachers can impart only broken images of the truth which they perceive. Speech which goes from one to another between two natures, and, what is worse, between two experiences, is doubly relative. The speaker buries his meaning; it is for the hearer to dig it up again; and all speech, written or spoken, is in a dead language until it finds a willing and prepared hearer. Such, moreover, is the complexity of life, that when we condescend upon details in our advice, we may be sure we condescend on error; and the best of education is to throw out some magnanimous hints. No man was ever so poor that he could express all he has in him by words, looks, or actions; his true knowledge is eternally incommunicable, for it is a knowledge of himself; and his best wisdom comes to him by no process of the mind, but in a supreme self-dictation, which keeps varying from hour to hour in its dictates with the variation of events and circumstances.

* New York: Charles Scribners' Sons, 1911, p. 3.

JOSEPH LONGMAN*

Joseph Longman[1] was hired in the spring of 1938 as a tank operator on the night shift of the anodizing department at the Mallard Airplane Company. He was placed in this kind of work with a promise from the personnel department that he would be transferred to another job when the opportunity arose. Before working at the Mallard Airplane Company he had been employed as an arc welder. Almost all the welding in airplane production was done by acetylene torches and electric spot-welding machines. Longman was not qualified along these lines. He was, however, a good mechanic.

Longman was a red-haired Scotsman about 38 years of age. He was married and had a 13-year-old daughter of whom he was very proud. He had attended high school in California and frequently referred to the fact that Robert Young was in the same school. Raising silver foxes was his hobby, and he hoped some day to have sufficient money and time to own a large fox farm. The small farm he owned, however, netted him an average income of $500 a year, an amount almost large enough to feed his family and keep up his house which was located in the country.

In the anodizing department where Longman worked, the duraluminum parts used in airplane construction were given a protective coating to increase their resistance to corrosion. The parts to be anodized were suspended by duraluminum clamps in tanks of chromic acid solution (dirty brown in color) and then charged with an electric current. There were two principal jobs in the department: tank operating and drying. Tank operators loaded and unloaded the tanks and washed the acid from the parts, once they had been removed from the tanks. During the 20-minute period when the electrolytic process was going on, they prepared the next tank load by tying parts together with aluminum wire. Dryers wiped and counted the parts and placed them on racks to be sent to the next department.

At first sight, working conditions in the anodizing department seemed both arduous and repulsive, especially for the tank operators.

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[1] All names have been disguised.

They wore rubber boots, rubber coveralls, and rubber gloves, and were required by law to wear masks to keep the acid from their lungs. The heat from the acid and their nonporous rubber clothing caused them to sweat profusely. The department was generally known as the "tank hole," and the men who worked there were referred to as "those dirty tank men." The tank men, however, were congenial and enjoyed working together. By speeding up the preparation of a load for the tanks, they could have a few minutes to loaf and gossip before it was time to pull out the parts already in the anodizing bath. The department supervisor made no objection to their practice of talking with one another between loads so long as they got the required amount of work done.

There were approximately 20 workers on each shift. Since it was the company policy to hire young men for the department, most of the workers were from 19 to 23 years of age. The work did not require previous training and could be learned in four to six weeks. Wage rates in the department were about average for the company. Stephen Gifford was the supervisor of the department. He was attending college during the day at this time.

The morale of the night shift in the anodizing department was very high. A number of the men, as well as Gifford, attended college in the day time. They planned many social functions together. In the winter months they attended the college ice hockey games and cheered for their supervisor, who played on one of the teams. During the summer, when college students were not in school, the group frequently took their lunches to the beach and played volley ball before coming to work. Once in a while they had a steak fry at a near-by lake to which they took girl friends or wives.

Longman did not participate in playing volley ball on the beach because his fair complexion could not stand the sunshine. He was, however, active in other group activities. He enjoyed helping to plan parties, and his wife was congenial and eager to purchase the hot dogs and rolls or to bake a cake. In fact, one night Mrs. Longman sent a cake which was passed around the department at midnight. This cake-eating at midnight became a habit thereafter, each man taking turns buying or having his mother, wife, or best girl bake a cake.

In addition to helping load and unload the tanks, Longman was in charge of running the electric current through the acid in one of the tanks. It was a position with some responsibility. He also instructed and oriented new men, a task which he enjoyed, and he always went out of his way to help people with a problem. He was well liked

and respected by the rest of the men. However, there were no opportunities for advancement within the department.

An opportunity for Longman's transfer to another job did not arise until he had been in the anodizing department for two years. It would not have arisen then except that Gifford knew that it had been promised to him at the first opportunity. Gifford thought highly of Longman and wanted to see him promoted. Consequently, he was glad to arrange the transfer. A position was open in the sheet metal department, and Longman was assigned there to operate a punch press. There were over 200 men in this department, all of whom worked on individual machines. They had higher wages, cleaner working conditions, and more chance for advancement than the men in the anodizing department. They were not free to talk to each other, however, for each one had to be busy with his own machine. Moreover, the sheet metal supervisor seldom spoke to his men but stared at them with his hands on his hips when they were not working at their machines.

The quality of Longman's work was satisfactory from the start, and his weekly earnings would have increased as soon as his transfer had been made permanent, which would have taken two weeks. Nevertheless, before this time had elapsed, Longman requested that he be transferred back to the anodizing department, and the request was granted.

After Stephen Gifford finished college in the spring of 1940, he transferred to the company's personnel department where he was concerned with employee relations. Late in 1941 he visited the plant and had the following conversation with Longman.

GIFFORD: Hello, Joe.

LONGMAN: Well, it's a long time since I've seen you. How are you?

GIFFORD: Good. How are you?

LONGMAN: O.K.

GIFFORD: How are those foxes coming along?

LONGMAN: Better than ever. I've got some good pelts on foot this season—46 of them. With this war raising prices I ought to do O.K. I'm going to make up a coat for Ruth. She's my daughter, you know.

GIFFORD: How's Ruth?

LONGMAN: Mighty fine. She's a junior in high school now and doing mighty fine work. We got a letter from the principal telling us how fine Ruth was doing in her subjects. She wants to go to college, wants to be a school teacher some day. I guess college is pretty expensive, isn't it?

GIFFORD: A great deal depends upon which college she attends.

LONGMAN: I've got to start putting some money away for Ruth's college education. After this war is over this airplane business isn't going to be so hot! In fact, it isn't so hot right now.

GIFFORD: What do you mean by that?

LONGMAN: Oh, I don't mean we haven't got enough work. As far as a lot of the boys are concerned, we've got too damn much work. I guess the company has got a backlog of orders for the next two years, at least. What gripes me is all the changes that are being made around here.

GIFFORD: I can see there have been a number of changes.

LONGMAN: You said it! A fellow just doesn't know where he stands these days. I used to help set up a load for the tanks, put the parts in the tank, and operate the generator. Now the generator is automatic. Since the two new tanks have been added and since the new conveyor system has been put in, the only thing I do is tie up the parts for each load. It keeps seven or eight of us busy just doing that. I don't like it around here the way I used to. No steak fries, no parties, no talking with the guys—just work, and plenty of it. I don't get to know any of the other guys in the department. There's twice as many now as there used to be. We've got over 40 on the shift now, mostly all new kids.

GIFFORD: Do you still help to break them in?

LONGMAN: Our new foreman has changed things a lot. With all the expansion we each do just one job. You might say we're specialists. I don't think my foreman likes me. When I would try to help a new fellow with his job, the foreman would say, "Mind your own business, Longman. You do too much talking for your own good. You just take care of your own job." All I was ever trying to do was to help the new guys get straightened out on their new assignments. It's not easy when you're new around here, and I think they appreciate your helping them. But the foreman, he's just jealous or afraid that I'll show him up in front of the other guys. He's not as smart as he thinks he is. See that new conveyor belt up there on the ceiling? It breaks down quite frequently and instead of fixing it ourselves, the foreman runs to the maintenance department. Once I offered to arc-weld a part of the track, and he told me to get back on my job and stay put. Personally, I don't think he knew what arc-welding was.

GIFFORD: Did the maintenance men fix it?

LONGMAN: Sure they did. They arc-welded it! And it works fine now. You ought to see us turn out the orders with the new setup around

here. With the two additional tanks and the new conveyor system we really pour out the work. You see each guy does just one thing, over and over again. Sort of a line production with each of us specializing. It's really O.K. Our output has about tripled since you were here.

GIFFORD: That's good.

LONGMAN: Of course we're working six days a week, and that makes quite a difference. Sure helps the old pay check with time and a half for Saturday work. That strike we had really helped out.

GIFFORD: How do you mean?

LONGMAN: We got a raise in pay, and it also gave us seniority rights.

GIFFORD: What does that mean?

LONGMAN: Well, any layoff within a department or section must be made according to seniority. It's a pretty good deal for us older fellows.

QUESTIONS

1. What factors, in your opinion, contributed to the high morale of the anodizing department?
2. How did Joe's work in the sheet metal department compare with his previous work in the anodizing department? Why do you think he requested a transfer back to his old job?
3. What changes had taken place in the anodizing department between 1940 and late 1941, when Gifford had the conversation with Joe? Why do you think Joe didn't like the changes?
4. How do you account for the fact that Joe, after having complained to Gifford about the changes, finally concludes that his job is "really O.K."? What do you make of this statement?
5. From the facts given in the case, how much of the increase in department output is attributable to improved methods and equipment? What costs have been involved in the increase?
6. What do you make of Joe's emphasis, at the end of the case, upon increased pay and seniority rights?
7. What do you think of the three supervisors under whom Joe worked, as they appear in this case?
8. In your opinion has the management of the Mallard Airplane Company made good use of Joe's capabilities? What do you think of its general handling of personnel as revealed in the case?
9. What should Gifford say to Joe after Joe's last remark?
10. What, if anything, should Gifford do after reflecting upon Joe's remarks and experiences in the plant?

From *THE SOCIAL PROBLEMS OF AN INDUSTRIAL CIVILIZATION**

by

ELTON MAYO

Frédéric Le Play . . . was a French engineer whose professional work, early in the nineteenth century, took him widely through the length and breadth of Europe. As early as the year 1829, he had come to doubt whether rapid technical and industrial development was altogether beneficial to the various European communities in which he worked. For twenty-five years, with this in mind, he made careful observations of the living conditions, broadly conceived, of the many diverse groups of workers with whom he was associated. These observations extend from the steppes of Eastern Europe to the Atlantic shores of France; they are recorded in six volumes published between the years 1855 and 1879. It is a fact significant of our continued disregard of the human-social problem that these volumes have never been translated into English and are probably known only to those academic students of society who are ill-equipped to assess their practical importance.[1]

His general finding is that in simpler communities, where the chief occupation is agriculture or fishing or some primary activity, there is a stability of the social order that has ceased to characterize highly developed industrial centers. In these simpler communities every individual understands the various economic activities and social functions, and, in greater or less degree, participates in them. The bonds of family and kinship (real or fictitious) operate to relate every person to every social occasion; the ability to cooperate effectively is at a high level. The situation is not simply that the society exercises a powerful compulsion on the individual; on the contrary, the social code and the desires of the individual are, for all practical purposes, identical. Every member of the group participates in social activities because it is his chief desire to do so.

* Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1945, pp. 5–10. Quoted by permission of the President and Fellows of Harvard College.

[1] For a development of this point see Wallace Brett Donham, *Education for Responsible Living* (Cambridge, Mass.: Harvard University Press, 1944), chap. v.

Le Play's finding with respect to the modern and characteristically industrial community is entirely contrary. He finds in such communities extensive social disorganization: the authority of the social code is ignored, the ties of kinship are no longer binding, the capacity for peace and stability has definitely waned. In these communities, he says, individuals are unhappy; the desire for change—"novelty"—has become almost passionate, and this of itself leads to further disorganization. Indeed, Le Play feels that the outstanding character of an industrial community is a condition of extensive social disorganization in which effective communication between individuals and groups has failed, and the capacity for spontaneous and effective cooperation has consequently failed also. These observations were made by a trained engineer—himself a competent technician. His own country, France, and, for that matter, every industrial society chose to ignore his warnings.

Remarkably similar observations were made toward the end of the nineteenth century in France by Emile Durkheim, founder of the French school of sociology. In his study of suicide published in 1897, he showed that, in those parts of France where technical industry had developed rapidly, a dangerous social disunity had appeared that diminished the likelihood of all individual or group collaboration. He says that the difference between a modern and technically developed center and the simple, ordered community is that in the small community the interests of the individual are subordinated, by his own eager desire, to the interests of the group. The individual member of this primitive society can clearly anticipate during infancy and adolescence the function that he will fulfill for the group when adult. This anticipation regulates his activity and thinking in the adolescent period and culminates in a communal function and a sense of satisfaction when he is fully grown. He knows that his activities are wanted by his society, and are necessary to its continued life. He is throughout his life *solidaire* with the group.

During the nineteenth century, the rapid development of science and industry put an end to the individual's feeling of identification with his group, of satisfaction in his work. Durkheim develops this in some detail: no longer is the individual *solidaire* with a geographical locality and with the people in it. He leaves the family for school and education. It is unimportant whether this involves geographical movement or no; the significant modern innovation is that the family tie is weakened and, more often than not, no new or developing group relation is substituted for it. An improved standard of general education is a wholly admirable

achievement; but to improve such a standard at the cost of personal and group relationship is of doubtful value.

After this first disruption, Durkheim points out, yet another is customary; the individual is compelled to remove himself again from developing group associations in order to find work. The quest may not be immediately successful, and the social disruption grows. In extreme instances, we may find individuals who have lost all sense of social relationship or obligation—the melancholic, the suicide, the "lone wolf," or the criminal. Even in those instances where the quest for group relationship finally succeeds—fortunately still a majority, although diminishing—the individual is not equipped by experience immediately to understand the nature of social relationships. And his group consequently represents a lower level of unity and obligation to the common purpose than the primitive.

In a modern industrial society we consequently find two symptoms of social disruption.

First, the number of unhappy individuals increases. Forced back upon himself, with no immediate or real social duties, the individual becomes a prey to unhappy and obsessive personal preoccupations. Long ago, Bishop Butler said, ". . . a man may have all the self-love in the world and be miserable."

Second, the other symptom of disruption in a modern industrial society relates itself to that organization of groups at a lower level than the primitive of which I have already spoken. It is unfortunately completely characteristic of industrial societies we know that various groups when formed are not eager to cooperate wholeheartedly with other groups. On the contrary, their attitude is usually that of wariness or hostility. It is by this road that a society sinks into a condition of *stasis*—a confused struggle of pressure groups, power blocs, which, Casson claims, heralds the approach of disaster.[2]

In the last part of his book, Durkheim concedes that the successive creation of larger economic units by the coalescence of smaller units has enabled civilization to give its citizens greater material comfort. But he echoes Le Play's insistence upon the compensating disadvantage; step by step with our economic progress there has been a destruction of individual significance in living for the majority of citizens. "What is in fact characteristic of our development is that it has successively destroyed all the established social contexts; one after another they have been banished either by the slow usury of time or by violent revolution, and in

[2] Stanley Casson, *Progress and Catastrophe* (New York: Harper & Bros., 1937).

such fashion that nothing has been developed to replace them."[3] This is a clear statement of the issue the civilized world is facing now, a rapid industrial, mechanical, physicochemical advance, so rapid that it has been destructive of all the historic social and personal relationships. And no compensating organization, or even study of actual social or personal relationships, has been developed that might have enabled us to face a period of rapid change with understanding and equanimity. Durkheim is of the opinion that the French Revolution operated to destroy the last traces of what he calls the secondary organization of society—that is to say, those effective routines of collaboration to which, far more than to any political agency, the survival of the historic societies has been due. He points out that a solitary factor of collective organization has survived the destruction of the essentials of French society. This is the political State. By the nature of things, he says, since social life must organize itself in some fashion, there becomes manifest a tendency for the State to absorb into itself all organizing activity of a social character. But the State cannot organize the intimate daily life of its citizens effectively. It is geographically remote from the majority, and its activity must be confined to something of the nature of general rules. The living reality of active, intimate collaboration between persons must forever lie outside the sphere of political control. The modern industrial society consequently moves always in the direction of an ineffective State authority facing "a disordered dust of individuals."[4] . . .

Let me comment again that neither the six volumes of Le Play nor Durkheim's volume on suicide have been translated into English. Their warnings have been ignored; their findings were too remote from the naïve exuberance of physicochemical and technical development. Yet, if we look at the civilized world since the fateful year 1939, we cannot feel that this neglect was wise. These earlier studies tend naturally enough to look back at the life of simpler communities with regret; they tend inevitably to the conclusion that spontaneity of cooperation cannot be recovered except by reversion to the traditional. This, however, is a road we cannot travel in these days; for us there can be no easy return to simplicity.

But the implication of such opinion does not detract from the value of Le Play's or Durkheim's observations. The real importance of these studies is the clear demonstration that *collaboration in an industrial society cannot be left to chance*—neither in a political nor in an industrial

[3] Emile Durkheim, *Le Suicide* (Paris: Librairie Félix Alcan, 1930), p. 446.

[4] *Ibid.*, p. 448.

unit can such neglect lead to anything but disruption and catastrophe. Historically and traditionally our fathers worked for social cooperation —and achieved it. This is true also of any primitive society.[5] But we, for at least a century of the most amazing scientific and material progress, have abandoned the effort—by inadvertence, it is true—and we are now reaping the consequences.

Every social group, at whatever level of culture, must face and clearly state two perpetual and recurrent problems of administration. It must secure for its individual and group membership:

(1) The satisfaction of material and economic needs.
(2) The maintenance of spontaneous cooperation throughout the organization.

Our administrative methods are all pointed at the materially effective; none, at the maintenance of cooperation. The amazing technical successes of these war years show that we—our engineers—do know how to organize for material efficiency. But problems of absenteeism, labor turnover, "wildcat" strikes, show that we do not know how to ensure spontaneity of cooperation; that is, teamwork. Indeed, had not the emergency of war been compelling and of personal concern to every last worker, it is questionable whether the technicians could have achieved their manifest success. And, now that the urgency is diminished, the outlook for continued cooperation is not good. There is no active administrator of the present who does not fear that peace may see a return of social chaos.

The problem of cooperation . . . is far more difficult of solution with us than in a simple or primitive community. And most certainly we shall not solve it by ignoring it altogether. In a simple society, the extent of change from year to year, or even from century to century, is relatively small. Traditional methods are therefore brought to a high degree of perfection; almost from birth disciplined collaboration is drilled into the individual. But any study of such simple societies, whether by anthropologists or sociologists, possess small relevance to the problems that so sorely beset us now. In these days of rapid and continuous change, the whole conception of social organization and social discipline must be radically revised. And, in this, the so-called "radicals" are of small aid, being not radical but reactionary: they would require us to return to a form of social organization that has been made obsolete by technical advance.

[5] F. J. Roethlisberger, *Management and Morale* (Cambridge, Mass.: Harvard University Press, 1942), chap. iv.

LIVINGSTON COMPANY*

The Livingston Company,[1] manufacturers of women's fine undergarments, employed in its factory about 110 women of several nationalities. The only male operators were three men employed as cutters. The company had never discriminated against any worker on racial or religious grounds; the shop had been unionized for nine years as a closed shop, and this in nowise had affected the company's policy of nondiscrimination. Over the years there had always been a strong feeling of friendship among the workers. They had visited each other's homes, had enjoyed Italian, Jewish, Negro, and German cooking, exchanged special dishes and recipes, and had gone to an occasional dinner and play together. Parties at the shop to celebrate birthdays, weddings, and other anniversaries had been frequent.

In August, 1942, Margaret Bickers, an expert operator, returned to her job after an illness of three months. She had been shop chairman for the union local for four years. She had accepted election to the position with some reluctance, for the previous chairman had not had the cooperation of the workers. The girls had insisted that they would cooperate with an impartial chairman and that they all believed Bickers best qualified. She had accepted under their urgings, and the period since that time had gone more than satisfactorily. As she went around the shop saying "hello" and thanking the girls for their remembrances to her during her illness, she received terse, uncommunicative answers. At the noon hour she was quick to notice the strained atmosphere in which the workers went out to lunch and the manner in which they gathered together in silent groups.

Bickers decided to talk with Rose Sorrentino, who had acted as shop chairman in her absence. Although Sorrentino had visited Bickers a number of times during her illness and had talked of the shop and its affairs, Sorrentino had never indicated that anything was wrong. The girls had chosen Sorrentino as their temporary chairman because she was popular and had been with the firm about six years. Rose Sorrentino was familiar with both management and union policies. She was an attractive girl of Italian parentage and had a sunny disposition. Al-

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[1] All names have been disguised. This case is based on a report of personal experience submitted by "Margaret Bickers."

though she was American born, her parents supervised her life in accordance with strict Old World, Italian standards.

BICKERS: Hi, Sorrentino! I looked over here twice this morning, because I missed your singing. You're not sick, are you?

SORRENTINO: No, I feel O.K., but you may as well know, nobody feels much like singing any more, at least not in here.

BICKERS: What is the matter? Has Jake[2] complained about the noise?

SORRENTINO: No, the girls are too busy hating one another.

BICKERS: Come now, Sorrentino, why "hating"? You girls aren't capable of such a thing, especially you.

SORRENTINO: Well, there are a few girls in here I do hate now—most of all, Naomi Muhlstein. After all these years, do you know she had the nerve to sit there and pass a remark to the effect that the government did right to classify the Italians as enemy aliens? When the Italians were classed as enemy aliens, my mother cried all night. My father said he didn't care, but he did—deeply.

BICKERS: Needless to say, Sorrentino, I am sure we all feel very badly about the Italians' being classed as enemies, particularly here in New York where we have such a fine Italian population. Some of our leading citizens are attempting to have the classification lifted. I feel sure Naomi didn't mean it as you feel she did. Did you hear all the conversation?

SORRENTINO: No, I did not, but I heard enough to satisfy me.

BICKERS: I'm sorry you didn't speak of this before, but what's the matter with the other girls?

SORRENTINO: The same thing, everyone is taking a definite stand against everyone else, and for good reasons, too.

BICKERS: Are the reasons all about the same?

SORRENTINO: Yes, they are, and let me advise you. You are well liked by the girls now, but if you start to take sides, you will be surprised how quick they can change.

BICKERS: Thanks, Sorrentino, I'll be seeing you.

Bickers decided to talk to some of the girls before the noon hour ended. While she was walking around, she met the foreman, Giacomo Maccini, an Italian, 31 years old and married. Maccini's primary interest was in production.

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[2] Mr. Livingston, the shop proprietor.

MACCINI: Well, Margaret, I sure am glad to see you back, not only because we are so shorthanded, but because now we may have some peace in the shop. I suppose you noticed the difference?

BICKERS: Thanks, Giacomo. It is rather nice to be back with the girls; but speaking of peace, I thought it was a little too peaceful in here. Why the gloom?

MACCINI: Well, I would like to talk to you about it. How about this afternoon?

BICKERS: O.K., but why all the mystery?

Margaret Bickers continued on her way and met three of the girls who had worked for the firm before it was unionized, and who, she knew, were levelheaded as a rule.

BICKERS: Hello, girls, this is like old times. I've sure missed you all.

EVALINA GORGONE: We have missed you, too, and have waited for the time when you would be back with us, for more reasons than one.

CAROLINE CUTRIGHT: Yes, it's a good thing you came back now, before someone gets hurt. We are all fed up with those Hitler lovers.

BICKERS: Girls, I really wish you would tell me exactly what you are talking about. Caroline, you are making rather a strong accusation.

CATHERINE FULLER: Well, Margaret, Teresa Veronese and Elsa Beckmesser are carrying their Fascist principles too far. They started it all when Naomi Muhlstein was crying, the day her only son was drafted.

BICKERS: Yes, Catherine, go on. Started what?

CATHERINE: Why, a civil war right here in our own shop, and we won't stand for it.

BICKERS: But girls, for several years now you, Naomi Muhlstein, Teresa Veronese, Elsa Beckmesser, and all the others have been the best of friends. You have shared work in the slow seasons, you girls have even walked the picket line together during zero weather.

CAROLINE: Yes, that's what makes it all so terrible, but Naomi was one of us, too, and that day when her boy Matthew was drafted, Elsa and Teresa spent practically their whole lunch hour saying that inasmuch as the Jews started the war, it was no more than right that their sons should go and die for the cause. The other girls wanted Naomi to prefer charges against them in the union,[3] but Naomi said no, it would

[3] In this union the feeling of the members against racial or other discrimination was so strong that preferring charges against a member who broke the custom was accepted as appropriate. The threat of bringing the charges was so strong, however, that it was seldom necessary to take formal action.

only aggravate matters; but Teresa and Elsa remarked that her conscience was bothering her, if she had one.

CATHERINE: But Margaret, the worst part is that those two have influenced quite a few of the other girls.

BICKERS: What is Giacomo Maccini doing about all this?

CATHERINE: You know him. All he thinks about is getting out the garments. He wouldn't care what happened as long as he gets his garments. He simply says, "I need them."

BICKERS: And Mr. Livingston?

CATHERINE: Oh, he listens to both sides and gives us his speeches about co-operation in these trying times, and returns to his office. You know how spineless he is when it comes to anything that doesn't bear directly on actual production of garments.

BICKERS: Girls, I can see now that if you girls wish the kind of shop you had before I shall need your help.

EVALINA: You just tell us what to do, before we all have nervous breakdowns.

BICKERS: It's time we were going back to work, but the first thing you three can do is to forget this conversation for the rest of the afternoon.

Bickers remembered Naomi Muhlstein's son Matthew, clearly a factor in the girls' disputes, from his high school days. He had a close relation with his mother and often came to the shop for her, to bring her supper if she was working late, her umbrella and rubbers when it was wet, or just to meet her.

During the early part of the afternoon Maccini, the foreman, told Margaret Bickers he would like to speak with her at 3:30. In the meantime she thought she should speak either to Elsa Beckmesser or to Teresa Veronese. She remembered Elsa as a likable girl, of German parentage, married seven years, childless, a good steady worker, and co-operative. She worked on the machine next to Teresa Veronese, who had always been rather difficult. Teresa, like Rose Sorrentino, was of Italian parentage. Her home life was severely supervised, and it did not alter when she was married, since her husband merely took over the supervision where her mother left off. Now that he was in the service, her mother-in-law was exercising an even stricter supervision. Bickers knew that about the only social life Teresa had was with her co-workers, to some of whom she sometimes brought Italian food. She was a highly sensitive girl and always on the defensive, given to strong opinions concerning

shop policies and the other girls. Both Elsa and Teresa had visited Bickers while she was sick.

Bickers decided that Elsa would be the easier of the two to talk with first. She managed to go to the rest room when the latter did. A conversation started without delay.

ELSA: We all think you look good and it is good to look up and see you at your machine, but things are not the same any more. The girls are like enemies, you will soon see. War is terrible.

BICKERS: Yes, Elsa, it is. I am glad you have been noting the real cause of all this trouble. How do you think this unpleasantness really started?

ELSA: Some of the girls are blaming us, but we are only human and can take just so much.

BICKERS: Elsa, how about you and I having a cup of coffee before we go home; then we can have a nice long chat.

ELSA: Fine. That will be good.

At 3:30 Bickers entered the office, followed by the foreman, as was arranged.

MACCINI: I suppose the girls have told you about the trouble we are having?

BICKERS: Yes, but I would appreciate it if you would tell me what you know about it.

MACCINI: All I know is that the girls have moved the war from Europe to right here in the shop.

BICKERS: What are you doing about it?

MACCINI: Now, Margaret, you know I can't take sides. I need all the girls; that is why I wanted to talk to you. Mr. Livingston wishes to talk to you, too.

BICKERS: How long have you been ignoring this situation? Have you spoken to Jim Trask?[4]

[4] Trask was business agent of the union. In the garment industry a business agent was elected by the workers of a union local. He was usually the only officer of a local who worked full time for the union. He helped to correlate the activities of shop chairmen in whatever shops (usually several in number) were represented in his local, supported them in their dealings with their managements, and acted as their link with higher union officers. Most shops hired workers through their local's office, so that a worker who left her job in one shop to go to another changed her membership from one union local to another infrequently. Consequently, her relations with persons in the union office might become more permanent than her relations with the management of any one shop. The business agent was often, therefore, an important person to members of the local.

MACCINI: I decided not to take sides right from the beginning. I didn't speak to Trask because I didn't want the girls to think I was telling tales, as almost all of them are involved.

At this time Mr. Livingston entered the office. Mr. Livingston, owner of Livingston, Inc., was a quiet, mild-mannered man, who had been in the business for about 10 years before his shop was organized. He prided himself on the small labor turnover in the shop and often remarked, "I don't bother my girls, and most of them have been with me for years." Livingston left the production end of the business entirely up to Maccini, the foreman, and only rarely was he called on to settle issues involving the workers in the shop, since such issues were usually settled at the source. He got along fairly well with the union.

Mr. Livingston opened the conversation with Margaret Bickers as follows:

MR. LIVINGSTON: Margaret, I'm sorry you had to come back and find the girls so up in arms, but this war has done strange things to all of us.

BICKERS: Yes, I suppose it has, but that is no reason for this present condition. They should be closer now than ever.

MR. LIVINGSTON: What are you going to do? Giacomo and I have felt that you would find a solution. Rose Sorrentino seems to have shown partiality in her work as temporary shop chairman.

BICKERS: I don't know; you have let it drift on all these weeks.

MR. LIVINGSTON: We couldn't very well interfere; they are irreplaceable; I need them all.

BICKERS: Yes, I suppose you do need them all, but suppose you lose some of your oldest workers? Even now they are threatening to leave; they refuse to work in the same shop with one another.

MACCINI: I said from the beginning that we should have fired the two that started it, but then I could not afford to lose them and the union might not allow me to.

BICKERS: I don't think firing them would do any good now. I'll try to think of something else.

Bickers kept her appointment with Elsa Beckmesser, and the two decided to have dinner instead of just coffee. During the first part of the meal they talked shop gossip, but finally the conversation came around to the problem that was on both their minds.

ELSA: Margaret, I suppose you knew before today what was going on?

BICKERS: No, Elsa, I had no idea and, needless for me to say, I am quite shocked.

ELSA: Well, I thought those troublemakers had told you when you were ill.

BICKERS: A number of the girls did visit me, including you and Teresa, but you all certainly gave me the impression that you were one big happy family. Elsa, do you recall four years ago when you and several others chose me as shop chairman? I told you then that I didn't think I could act for the group because you girls hadn't given the previous chairman your co-operation. But you girls insisted you would cooperate if you could have an impartial chairman; so now let us be very honest again. You realize, of course, the predicament the shop is in. I should be in the office of the union right now reporting to the business agent that some of you have been indulging in conduct unbecoming a member of the union. I would rather not go to the business agent because that means a shop meeting and discipline for the guilty; so I am wondering if you and I can't work out something together.

ELSA: I'm terribly unhappy working in that place, but I just couldn't take it any longer. My husband has been in the service for six months now and I miss him more than ever.

BICKERS: Yes, I am sure you do. How is he?

ELSA: He is well, but misses me and being home. Well, Naomi made us all angry that day. You would have thought she was the only one who had a son in the service. All day long all she did was cry and complain. Our husbands have been gone a long time, but she thinks her Matthew is too good.

BICKERS: Elsa, you know that all people do not accept things alike. Just what did happen that day?

ELSA: You know Teresa, how outspoken she is. She really is having trouble at home, too; she lives with her mother-in-law now. Her mother-in-law is strictly old-fashioned Italian and is always harping on those who started the war, and saying that if the Jews minded their own business, her son Rinaldo would be home—until she almost has Teresa believing it.

BICKERS: And you, Elsa?

ELSA: I can't help it if my parents were German, either, but the truth is when Teresa made the first remark that those who wanted the

war should be only too happy to send their sons, the others said that Italy and Germany could stick together, and so we did.

BICKERS: Elsa, I think I understand a little better now, but I'm not sure whether you understand just what havoc a few of us have caused. Regardless of the origin of your parents, Teresa's parents, or my parents, we are Americans now, the same as we were before the war.

ELSA: I think I do understand, and I am sorry. I hate this war; we had so much fun before. I miss it all so much—I am thinking of leaving the shop; so is Teresa.

BICKERS: No, don't leave; let's all stay together, at least until the war is over. Come on, let's go home and think it over.

The next day Bickers went to see Trask, the business agent, and told him the story, because she thought the problem was of such a serious nature that he should know. Then, too, she wanted his advice.

After Margaret Bickers had told Trask, the business agent of the union local, about the situation at the Livingston Company, he spoke as follows:

TRASK: I think so far you have done a good job in getting at the facts, and the case is clear. I agree with you that disciplinary measures would have no effect, or very little, in really easing their feelings. The relationship that existed before, which I believe is the one they sincerely prefer, can exist again only by their own efforts.

BICKERS: How? You know how quick their tempers are, and living in nervous tensions at home hasn't helped them any. Mr. Livingston is no help, as usual.

TRASK: Well, firing any of them is definitely out. They would only carry their feelings and misunderstandings to another shop and we would have to cope with the same problem again, and after a while they really would come to believe all this stuff they hear about all these nationalities. Margaret, I've been thinking about all the good times they used to enjoy together. Why don't you plan to have a party or something soon?

BICKERS: At a time like this?

TRASK: Sure. That is what they are missing the most, and at a party they can relax. At the first opportunity tomorrow morning sound out Naomi Muhlstein and Teresa Veronese, if you think they are in a reasonable mood. Sort of draw on their help. Of course don't talk party to them for a few days at least.

BICKERS: It sounds so simple. I can hardly believe it will work. It has possibilities, though, because Teresa is very happy planning parties.

TRASK: I believe you've got a good start towards easing the trouble, and of course do not mention to any of them that I know. It might make them self-conscious in their future dealings with me; furthermore, I want them to think that they have mended their own rift.

BICKERS: Very well. I'll be up to see you in a few days.

The very next day Bickers had to aid in adjusting a rate for the seamers, who included Naomi Muhlstein. After the adjustments were made, Naomi Muhlstein informed Bickers that her son had sent her his best regards from his camp.

BICKERS: Thanks, Naomi; Matthew always was a thoughtful boy. I can remember when he was going to high school how he used to bring your umbrella and rubbers when it was raining.

MUHLSTEIN: I miss him terribly. Our house is like a morgue; even his dog sits and watches the door.

BICKERS: Yes, Naomi, I know how it is in your home because mine and most of the other girls' are just about the same.

MUHLSTEIN: Can you imagine anyone saying that I should be glad to send Matthew to war?

BICKERS: No, I cannot, and if all of us were living under normal conditions I don't think Teresa or anyone would even think such a thing. We are all so miserable that we just don't stop to think. Naomi, why do you think Rose Sorrentino is so incensed against you?

MUHLSTEIN: Oh, she sides with Teresa.

BICKERS: I believe you will be surprised when I tell you her reason. She claims you said that it was good the government had classified the Italians as enemy aliens.

MUHLSTEIN: I never did.

BICKERS: Think hard. I don't believe you did either, but did you discuss it with any of the girls?

MUHLSTEIN: I remember reading an article about it, and I did discuss it offhand one noon hour, but I never said that it was my view, as I assure you it was not.

BICKERS: Well, Sorrentino thinks you did and so do quite a few of the others, but I never believed you were guilty of such a thing. I am sure there is a simple explanation for all our misunderstandings.

MUHLSTEIN: Thanks for telling me. I'll explain to Sorrentino if you think she will listen to me.

BICKERS: I think she will.

Naomi Muhlstein evidently had success, for in a few days she and Sorrentino were on good speaking terms and seemed to have forgotten their differences.

Meanwhile, Teresa Veronese presented the biggest problem. On the third day Bickers was back on the job, Veronese came over at lunch and gave her an artichoke she had brought from home especially for her.

VERONESE: We had these for supper last night, and so I saved you one.

BICKERS: Thanks. It's been a long time since I've had one of your specials. How is your husband? Does he find time to write you often?

VERONESE: Yes, he writes fairly often. I write him every day, of course. Things are bad at home without him.

BICKERS: I think I know just how you feel; practically all of us are experiencing lonely homes now, regardless of who we are. The hurt is not less for some than others.

VERONESE: Humph! Some people in here don't seem to think so. Naomi Muhlstein is the leading example. My husband's parents, as well as mine, were classed as enemy aliens, and yet my husband was called to the draft, but I didn't come in the shop wailing all day like she did. I suppose her conscience was bothering her.

BICKERS: I've been talking to Naomi and Rose, and to quite a few of the others about all the misunderstandings that exist among us girls, for that is all they are. Naomi Muhlstein insists that she did not make the remark, but that she was merely talking about an article she had read in the paper. She was actually condemning it. That's the way it has been with the others. We are all naturally upset. Most of the girls are extremely sorry that the atmosphere of the shop has changed, and it is up to you and a few others to bring about a better understanding among you girls.

VERONESE: Why me?

BICKERS: Because you are sensible and one of the oldest girls in the shop; furthermore, you were one of the first to misunderstand, and if you could be mistaken, so could the others. Do you know that if you would start talking to Naomi, it would melt the ice?

VERONESE: Suppose she doesn't speak to me. I'd feel like a dope.

BICKERS: She will. I've already spoken to her because I felt there must be some mistake, and she does feel sorry about it all. You know how quiet and timid Naomi is; so you speak to her, as you always know just what to say and how to go about it.

VERONESE: O.K. According to you I made a mistake; so if I did, I'll tell Naomi I'm sorry.

QUESTIONS

1. Note, step by step, the conversations in which Margaret Bickers took part. In which of them did she do most of the talking and in which did she confine herself largely to listening? What do you make of the pattern that you find?
2. What do you think of Trask's suggestion that Margaret Bickers "plan to have a party or something soon"? What do you think of Margaret Bickers' reply? What do you think of Trask as an administrator? Why?
3. What do you think of Maccini as an administrator, in so far as he is revealed in this case? What do you think of Livingston as an administrator? Should either of them, in your judgment, have done anything other than what they did? If so, what?
4. What do you think of the way Margaret Bickers conducted herself in this situation? What, specifically, are the things she did, and the things she did not do, that you consider important? To what extent, in your judgment, was she responsible for the outcome and to what extent, if any, might the result be attributed to other elements in the situation?
5. At what specific points, if any, would you say, did Margaret Bickers' statements and behavior have any particularly noteworthy consequences in the unfolding of this situation? How would you explain these consequences?
6. In your judgment, was Margaret Bickers sincere when, to Teresa's question, "Why me?" she replied, "Because you are sensible and one of the oldest girls in the shop"? What difference, if any, would it make, in your judgment, whether she was sincere or not?
7. What do you make of Teresa Veronese's statement at the end of the case?
8. What, if anything, would you judge, has Margaret Bickers accomplished?
9. What, if anything, do you think Margaret Bickers should say to Teresa Veronese after Teresa's last quoted statement? Why?

. . . not of the letter, but of the spirit: for the letter killeth, but the spirit giveth life.

—II CORINTHIANS 3:6

From *ORGANIZATION, A FORMULATION OF PRINCIPLE**

by

ALVIN BROWN

PRINCIPLES

. . . . . .

3. Organized endeavor is no more than the sum of individual endeavors.

. . . . . .

6. Organization should determine the selection of personnel rather than personnel determine the nature of organization.

7. The larger the enterprise, the less occasion is there for organization to be influenced by personnel.

. . . . . .

10. The nature of a responsibility is not altered by change of the person who performs it.

11. Each responsibility is created by delegation from one having that responsibility.

12. Each responsibility is created by delegation from one having a greater responsibility.

. . . . . .

18. Obligation for the performance of a responsibility runs to the delegant of that responsibility and to no one else.

19. The obligation for performance of a responsibility can be discharged only by the obligor.

. . . . . .

* New York: Hibbert Printing Co., 1945, p. 255 ff. Quoted by permission of the author.

22. The obligation for performance of a responsibility must be performed exactly as it is conceived by the delegant.

. . . . . .

24. In each responsibility is inherent an equivalent authority.

25. Authority includes all means necessary and proper for the performance of responsibility.

26. Toward a deputy, authority is the power to exact performance of his obligation.

27. The relationship between a principal and his deputy arises from delegation and is invariable in character.

. . . . . .

30. Supervision of a member of enterprise may be exercised by his principal and by no one else.

. . . . . .

33. Enforcement of the relationships of organization is the highest function of supervision.

. . . . . .

43. The cost of organization must be proportionate to the utility of the purpose.

. . . . . .

46. Definition of responsibility must be clear and precise.

. . . . . .

57. No member may assume to perform any part of the responsibility of another.

. . . . . .

70. A particular responsibility is better performed by one member than by two or more.

. . . . . .

87. So long as he does not substitute his judgment for that of his principal, aid by an assistant in his principal's exercise of supervision is not a sharing or assumption of supervision.

. . . . . .

96. Whereas organizational principle is a science, the practice of organization is an art.

THE GORDON COMPANY*

The Gordon Company[1] was a small firm which before and during the war produced one principal item, a finished gray iron casting. The casting was of somewhat complicated design, measured roughly three feet across, was thin in section, and weighed about 175 pounds. In use it had to carry a tension of several tons. Its thin section in contrast to its relatively large size meant that great care and accuracy had to be used in casting. Ninety per cent of the company's production was of this one item, which was called a plate; the other 10% was composed of miscellaneous jobbing work. Although the company was located in an industrial city with a population of 75,000, the company's labor force was made up chiefly of men of all ages drawn from outlying rural areas, rather than experienced industrial workers.

In the fall of 1945 it became apparent to the owners of the company that, in order to meet the new competitive situation following the war, they would have to introduce several new products. Consequently, they began to experiment with some new items. In the process of introducing these changes, they encountered considerable difficulties with their employee and supervisory staff in the foundry division of the business. Before taking up these difficulties, it may be well to describe briefly the technical and social organization of the foundry division. The finishing division is not considered in this case.

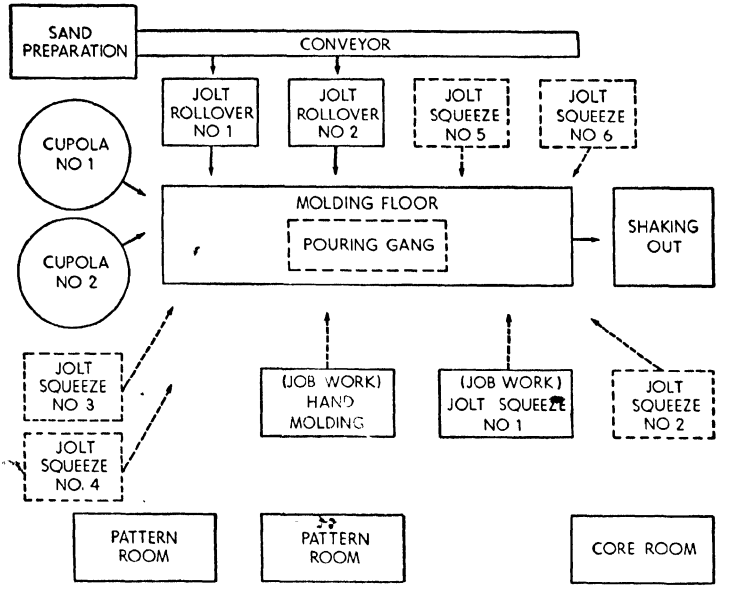
The foundry's equipment for making plates was among the best in the country. Although the process was an old one, the equipment was modern and especially designed for producing the particular plates which the company made. It included overhead sand handling equipment, automatic conveyors, and two jolt rollover molding machines for making sand molds (see Exhibit 1). One of these was used for copes and the other for drags, the upper and lower halves, respectively, of the sand molds into which the molten iron was poured to form the plates. Some plate molding on special orders was done by hand on the floor at one end of the foundry building, but special orders were not affected by the conversion program. The miscellaneous job work was done on a

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[1] All names have been disguised.

EXHIBIT 1

THE GORDON COMPANY
SCHEMATIC DIAGRAM OF FOUNDRY LAYOUT*



* Dotted lines indicate changes made during expansion program.

small jolt squeeze molding machine at the same end of the building. The cupolas[2] were located adjacent to the molding equipment.

Technical Skills and Social Groups among Foundry Employees

There were three principal and three subsidiary work groups among the foundry employees (see Exhibit 2). The former included the machine men, the job molders, and the cupola gang; and the latter included pattern makers, core makers, and unskilled help. The machine men, who worked on the jolt rollover machines, produced nothing but molds for plates, and their jobs were entirely repetitive. Although they made molds for several sizes of plates, the designs of all the plates were basically the same and the differences called for only slight changes in their work routines. The job molders, in contrast, infrequently made more than a few molds of any kind. They had to use care and skill in packing

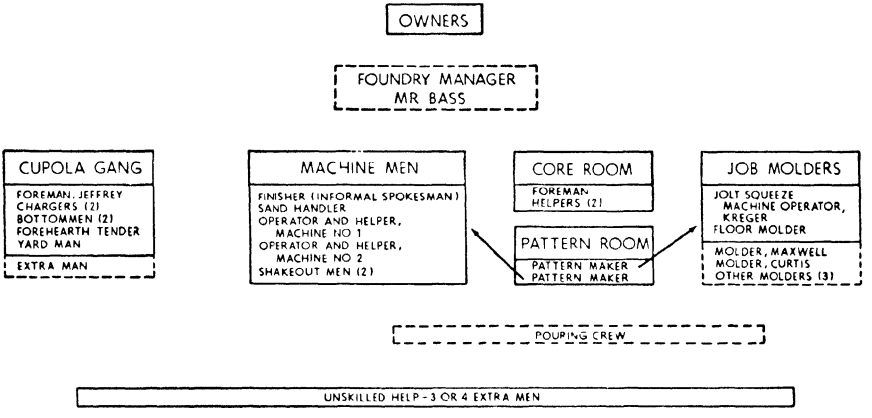
[2] Towers lined with refractory material and equipped with air blast, etc., for melting iron.

the sand, placing the cores,[3] and chills,[4] cutting proper gates[5] and risers,[6] and so on. The cupola gang prepared the molten iron for both the machine men and job molders. The work routines of these groups did not bring them together except occasionally, as, for instance, when the molds were being poured. The pattern room men, core room men, and extra help worked with the other groups to a much greater extent.

Within each work group the men worked together continuously. In the machine group there were eight men. One was responsible for con-

EXHIBIT 2

THE GORDON COMPANY*–FOUNDRY PERSONNEL



* This is a schematic listing of personnel, not an organization chart. Dotted lines indicate additions made during expansion program.

ditioning the sand and for the operation of the sand handling equipment; two men, an operator and a helper, worked on each of the two jolt rollover molding machines; one was the finisher, who remedied defects in the molds and closed the cope and drag sections together ready for pouring; and two were shake-out men, who removed the castings

[3] Shapes of sand mixed with a binder and baked, placed inside the molds to form specially shaped cavities in the casting.

[4] Plates or blocks, usually of iron, placed in the mold to cool certain parts of the casting more rapidly than other parts—usually to achieve a hardened spot on the surface of the casting for purposes of wear, etc.

[5] Channels cut in the interface of the molds (between the cope and the drag) to permit the flow of metal.

[6] Vertical channels cut in the sand mold to act as reservoirs of molten metal from which to feed the casting through the gates as the molten metal shrinks in cooling.

from the molds, broke off the gates, and shook and brushed off any loose molding sand which adhered to them. For the last two hours of each shift, the machine men, using large ladles to handle the molten iron, poured the plate molds they had completed.

Compared with other molding jobs, the work of the machine men did not require a high degree of skill, although operating the molding machines took more experience than the other jobs in the group. Given the knowledge of how to operate the machines, speed, strength, and the ability to co-operate with one another were more important qualifications than the ability to make a wide variety of intricate and complex molds. The men in the group were physically well equipped to do the rather strenuous work that was demanded of them. They had been able to develop effective methods of co-operation over the period they had worked together. Their work was thought of in the plant as a production line process. While they were making molds the machine men were paid on a group piece rate basis; each man received a set proportion of the group rate according to his particular job. While they were pouring, each man received a standard rate for each ladle of iron carried. They were not paid for defective production. The sand machine operator received an hourly wage.

The job molding was done by two men. One operated the jolt squeeze machine, and the other did the floor molding, a hand process required for job orders on which the jolt squeeze machine could not be used. Each man did all the work on the castings he made; preparing the sand, molding, pouring, and shaking out. These two men were thought of in the foundry as the "molders," while the men who ran the jolt roll-over machines were merely "machine operators." The molding jobs took more skill than the machine jobs. Both of the molders were over 50 years old and had been with the company for nearly 20 years. They were paid straight piece rates for the satisfactory castings which they turned out.

The cupola gang consisted of six men in addition to a foreman. One of them was a yard man who prepared the scrap iron for charging. Two were chargers and actually charged the cupola. They had to know how to make up the charges with the proper proportions of materials and how to place them in the cupola. Two men were "bottom men." They repaired the lining, fired the cupola, and supervised the tapping[7] opera-

[7] The operation of unplugging and plugging with clay the hole in the bottom of the cupola in order to draw off the molten metal.

tion. The sixth man tended the forehearth.[8] The chargers and bottom men had to be highly experienced, because their responsibility was great. If their work was not done properly, the results were sure to be costly. The men in this group were paid by the hour.

There were two pattern room men, one of whom made and repaired patterns[9] for the machine men, and the other, for the job molders. They worked in separate rooms and saw more of the molding group, for which they worked, than of each other. There were also two core room men who worked under a foreman. In addition there were three or four extra men in the foundry who did whatever cleaning up and odd jobs were necessary.

Supervisory Organization

Prior to 1946, supervisory responsibilities in the plant were not clearly defined. The factory superintendent had been responsible to the owners of the business for both the foundry and finishing divisions. In the foundry he had under him two foremen, one of whom was responsible for the cupola gang and the other for the core room men. The machine men, job molders, pattern room men, and extra men did not have anyone who worked directly with them in a supervisory capacity.

The cupola gang's foreman, Jeffrey, was nearly 70 years old. He had a large store of practical knowledge and was so familiar with the operation of the cupolas he seldom used precise measurements in supervising the charging. He worked by "feel" and understood the peculiarities of his cupolas to such an extent that they were operating successfully most of the time. He was highly respected by all the men in the plant, and a number of them, over whom he had no direct responsibility, frequently deferred to his authority, especially the machine men.

The core room foreman was over 50. He did not have Jeffrey's prestige in the plant, but the job molders often received their assignments from him, rather than from the factory superintendent to whom both the molders reported directly.

The machine men worked without much direct supervision. They usually received their schedules from their pattern maker, who received

[8] A furnace near the cupola in which molten metal was held while waiting for the pourers to draw it off in ladles.

[9] A shape (usually of wood or metal) used in forming the impression for a casting in a sand mold. This shape, with precise allowances for cores, shrinkage, etc., bore a close resemblance to the shape of the casting desired.

them in turn from the factory superintendent. They came to work every day, did their work, and went home. They followed their finisher as a leader more than anyone else, and communications from them frequently went through him to the factory superintendent. Within the group there were group sanctions, which in part took the place of supervision. If a man could not keep up with the group or went too fast, he was "hazed" until one of three things happened. Either he came to conform to the group's standards, or he asked to be transferred, or the rest of the group asked to have him transferred.

The pattern room men got their work assignments directly from the factory superintendent. The extra men, nominally reporting to the superintendent, actually received orders from everyone, but the volume of their work was not so great that this procedure made serious conflicts for them.

Clearly, the relationships within the company were not highly formalized or rationalized. On the contrary, the top executives, the factory superintendent, the foreman, and most of the workers had known each other personally and worked together over a long period of time. Each knew what to expect from the other. It was seldom that anyone had to do something outside of his own well-established routine, and in it each man to a large extent was on his own.

As a consequence of this type of organization, when a casting turned out to be defective it was seldom that any one person could be singled out for blame. Rather, the machine men and the molders blamed the iron or the machines, and the cupola men blamed the molds or scrap materials used in charging. The management had no established procedures to determine what had actually happened, but on the whole the lack of them was not costly, principally because defective castings were few and in any case the metal in them could always be remelted and used over again.

New Foundry Manager

When the owners decided to experiment with several new items, they found themselves held up by many technical questions. No one employed in the company had the knowledge to solve these problems, since the company's accustomed ways of doing things in the manufacture of plates had not raised questions that had to be decided by technical experts.

Although the owners thought highly of the factory superintendent's ability to run the production end of the business, they realized his lack of technical foundry training, as did he himself. For this reason, the owners, together with the superintendent, decided to employ a technically trained man as foundry manager. While the superintendent was to assist the new foundry manager in any way the latter wanted, the superintendent's major function was to be that of making the changes that were necessary in the company's finishing division.

Although the relationships between the superintendent and the new foundry manager were never formally stated, the owners tacitly assumed that the two men would be on an equal level in the company.

The owners of the business wrote to several trade associations and to the editors of some technical publications to get the names of people who would be qualified for the position they had available. The man whose experience appealed the most to them was a Mr. Bass. He had graduated from an engineering school with a major in chemical engineering and was at the present time 50 years old. When he was interviewed by the owners he made an excellent impression. He talked enthusiastically about his experiences and the owners thought he had had a fine personality. When the owners had checked his technical training at the school from which he had graduated and found that the faculty thought highly of him, they decided to employ him.

No formal announcement of this decision was made, but the men soon heard about it. Rumors arose that the new foundry manager was going to bring his own men with him and that the present force would probably strike immediately. Every time one of the owners walked through the foundry, Kreger, the jolt squeeze machine operator, came to him and explained what a good worker he was in spite of his advanced age. Finally, the owners came to feel that it was necessary to explain in detail to all the foundry men why a technical man had to be taken on, and to try to reassure them strongly that the new foundry manager would make no drastic changes.

When Mr. Bass arrived early in January, 1946, he brought with him a large library of metallurgical books and periodicals, and evidenced in many conversations, which he tended to monopolize, that he was familiar with modern developments in his field. When he expressed a desire to make no immediate changes but merely to become acquainted with his new job, the owners felt they had secured the man they needed.

Before Mr. Bass had been in the foundry a week, the machine men presented him with a demand for higher wages. He passed the matter

over to the owners, who settled the issue directly with the men at a conference which Mr. Bass attended. The negotiations ended with the men receiving a small raise.

Need for New Job Molders

The owners obtained the first contract for a new item in April, 1946, calling for the production in quantity of a casting that consisted of two parts, one of which could be made by the machine men on their jolt roll-over machines and the other by Kreger on his jolt squeeze machine. Mr. Bass told the owners that production of the new item called for immediate changes in the organization of the foundry because it was necessary to keep the production of the parts in step. Under the existing setup, production of the machine group would easily outstrip Kreger's. Consequently, Mr. Bass and the owners agreed that it was necessary to add new men to the job molders' group to increase the production of the part they made for the new item as well as to produce miscellaneous job castings, orders for which were increasing rapidly at the time.

The first man hired by Mr. Bass was an experienced molder named Maxwell. He and Kreger had known each other for a number of years. Maxwell did good work from the day he was hired. As soon as a new jolt squeeze machine was obtained, he was given this machine to operate beside Kreger's. They became close friends and frequently found opportunities to help each other. Their production was a steady 75 to 80 molds apiece per day.

When another jolt squeeze machine was obtained another new molder, named Curtis, was hired by Mr. Bass. He was a young man and a fast worker. His machine had to be located at some distance from the other two. He put down 125 molds a day after his first few days. The initial effect of his production was that Kreger's output spurted upward rapidly, and Maxwell's did also but to a lesser extent. After 10 days at this rate, however, the production of the two older men dropped back to its former level and remained there. They carefully avoided having anything to do with Curtis, and although Kreger's work had not been criticized in any way, he emphasized to the owners at every opportunity that whenever he finished a mold he knew it was good.

In the next month three men from the machine group were selected by Mr. Bass and trained to use three additional jolt squeeze machines, so that by the end of May the total number of molders doing this type of work had been increased from one to six.

Production for the new orders and the miscellaneous job work required attention to a multiplicity of detail. Flask[10] and follow boards[11] were needed for each job. Mr. Bass told the pattern room men to supply them, but the molders frequently found that they were ready to make the molds for a certain type of casting before the proper flasks or follow boards had been prepared. Consequently, their work was delayed either because they had to wait for the equipment they needed or because they had to work more slowly with whatever equipment they had on hand.

In addition, whereas Kreger had previously conditioned the sand he used, the new molders knew that in most foundries molders did not condition their own sand; rather, it was customarily done for them. The new molders made repeated requests for such assistance, and Mr. Bass directed the extra men to attend to it. They preferred to do what they were accustomed to doing, however, and, it seemed to Bass, not having anyone directly over them, neglected conditioning the sand.

Mr. Bass did not always establish piece rates for each new order as it came in, and did not arrange schedules to give the molders as long runs of similar molds as possible. Sometimes rush orders went to the molders before either of these things had been done. As a result, the clerk who computed the earnings of the molders had difficulty in finding out what piece rates to use in figuring their earnings, and frequently had to use hourly rates. Consequently, the molders themselves had difficulty in estimating their earnings.

Requests came to Mr. Bass frequently that new flasks and follow boards be supplied when they were needed, as well as for the establishment of piece rates and better schedules at the beginning of each new job. He did his best to solve these problems, either by telling somebody else to do the jobs or by doing them himself. Neither of these procedures was effective. The other men were busy with their own accustomed work, and Mr. Bass was not able to keep up with all the requests himself, partly because of their multiplicity and partly because of the work he had to do in connection with the rest of the foundry.

As a result of these conditions, the molders found that they were not earning what they expected, and they demanded guaranteed minimum wages. Outbursts of temper occasioned by trivial incidents became com-

[10] A hollow form of wood or metal, shaped like a box without either top or bottom, into which sand was backed to form a mold. A flask consisted of two such forms that fitted together, one for the cope or upper half of the mold and the other for the drag, or lower half.

[11] A flat board used to form the bottom of the flask.

mon, and some of the molders began to take a day or two off without notice after trouble had occurred. Between April and August there was a turnover among the molders of more than 100%. Of the original group Kreger alone remained; the men that had been transferred from the machine group had either left or requested transfers back to their former group, and the new men who had been brought in had left and been replaced by others. Expressions of discontent from the present group were still frequent.

Problems among the Machine Men

The machine men were not so drastically affected by the new program as the job molders. Nevertheless, trouble was experienced in securing their co-operation.

Partly at Mr. Bass's suggestion, a gang of Negroes was hired to do the pouring for the whole foundry so that the machine men and job molders could make molds for a full shift. The pouring gang was paid by the hour, and the machine men were no longer paid anything under their old pouring rate but worked a full shift under their rate for making molds. The production of plates jumped from 74 per shift to 111, but then fell back to 97 and continued at that level until the machine men were reassured by one of the owners that their rates would not be lowered. After this, their production remained nearly steady at 111 plates a shift.

The machine men referred to the pouring crew as "those coons" and criticized every move they made, although the head of the crew was an experienced pourer. Defective plate castings increased from 3% to 12% of production. The machine men demanded an adjustment in their payment system so that if more than 3% of their production was defective, they would not be held responsible for the excess.

Through this period of change, in complete disregard of Mr. Bass's appointment as foundry manager, the machine men continued to deal directly with the owners about all their dissatisfactions and to ignore Mr. Bass. Finally, the owners told Mr. Bass to interfere with the group as little as possible. Thereafter, few new evidences of dissatisfaction arose within the group.

Problems among the Cupola Gang

The work of the cupola gang was affected by the general business situation as well as by the changes going on in the foundry. Because of

existing conditions, the foundry had to buy whatever quality of scrap was available. The consequent variations in the characteristics of the raw material meant that more than usual care had to be taken in charging the cupolas. Every load was supposed to be weighed before being dumped into them, and Mr. Bass's instructions to the cupola gang in the presence of the cupola gang's foreman, Jeffrey, were "weigh 'em, boys." Jeffrey found that no scales were available in the foundry, however, and it was some time before suitable scales, fitted to a movable truck, could be obtained from a manufacturer. Even after they had been secured, the cupola gang's methods of using them—by moving the individual loads of iron pigs and scrap to and from the scales and not moving the scales, as was intended—delayed their work so much that they avoided the weighing procedure whenever they could. Finally another man had to be added to the cupola gang. Jeffrey's own intuitive knowledge of the operation and of the peculiarities of the cupolas enabled him to continue to produce a satisfactory quality of iron in spite of the increased variation in the raw material.

Mr. Bass also gave instructions that the coke bed should always be carefully measured. Jeffrey had a measuring stick which was old and bent, but which still served him admirably on the few occasions when he thought it necessary to test empirically his intuitive judgments. Soon after Mr. Bass had instructed him always to make careful measurements, his stick was lost. He neglected to do anything about it, and the fact was not discovered until he became sick in May.

At this time responsibility for the operation of the cupolas was taken over by Mr. Bass. As he was unfamiliar with their peculiarities, he experienced great difficulty in turning out satisfactory iron. On several occasions he wrote notes to Jeffrey to ask how to handle certain situations with which he himself was unfamiliar. When this became known, it was looked on by all employees as a sure indication that Mr. Bass was incompetent. It was referred to over and over again, particularly by Jeffrey's close friend, the timekeeper.

The result of all these happenings was that by October, 1946, Mr. Bass found himself more and more immersed in the detail work that had to be done for the job molders. He had become in effect their foreman. He had few other duties because the men did not take any other problems to him. He had not found occasion to discuss these problems with the factory superintendent.

During this month, work on the foundry's first new contract was completed. Although orders for miscellaneous job castings were still in-

creasing, the company had not succeeded in securing a renewal of its contract or new quantity orders because other firms consistently underbid it, in spite of the fact that its costs for manufacturing plates had for a long time been unusually satisfactory.

QUESTIONS

1. How do you explain the fact that, for a long time prior to the coming of Mr. Bass, the company's costs for manufacturing plates had been "unusually satisfactory"?
2. How, in your opinion, was each of the individuals and groups in the company affected by the changes initiated by Mr. Bass? How was each affected by his attitude and social behavior? What assumptions, facts, and reasoning, would you say, led Mr. Bass to do the several things he did?
3. As of October, 1946, what would you say was the company's problem? What, if anything, do you think you would or could do about the situation if you were in the position of the factory superintendent? Why?

From *THE FUNCTIONS OF THE EXECUTIVE**

by

CHESTER I. BARNARD

I. THREE PURPOSES OF MENTAL EFFORT

Brief consideration is sufficient to show that the purpose or object of mental effort must substantially affect the processes used. Let us take three types of purpose of mental effort: (*a*) to ascertain the truth, (*b*) to determine upon a course of action, (*c*) to persuade.

(*a*) The search for truth is a matter of ascertaining a fact or formulating a generalization acceptable to others because both the premises and the reasoning can withstand examination under techniques effective within the field and the tests of experiment or experience. These rules and tests differ widely, for example, between physics, trials at law, engineering studies, accounting, in each of which the truth is sought, and in each of which a specific "system" really defines what shall be considered truth. As compared with the mental processes applicable to other purposes, susceptibility to test by experiment or examination is the essential difference and affects the "point of view." It must be logical because it must be expressed in words to be available to meet these tests.

(*b*) When truth is the object of the mental process, the past or the present is chiefly in view and the conclusion is subject to review and test, whereas decisions as to a course of action look to the future. Moreover, the actual result of such a decision is a unique event, into which many unforeseen or unforeseeable factors may enter, and it is frequently not possible conclusively to know whether or not the result sought has been attained and to what extent it is due to the decision. This, despite the prevalent habit of rationalizing decisions, obviously requires a speculative type of thinking and a diminution of the element of rationality. Rigorous reasoning when applied to this type of problem of decision is, strictly speaking, not possible and the effort to do it indicates a lack of proper balance of mental processes. This is probably why it is difficult to make correct decisions without responsibility. The right "frame of

* Cambridge, Mass.: Harvard University Press, 1938, pp. 307–13. Quoted by permission of the President and Fellows of Harvard College.

mind" is not easily possible when a question is treated as merely an intellectual problem. Too many intangibles must be left out so to treat it.

(*c*) I suppose that most people would say that others are, or at least should be, convinced only by sound reasoning, and few are willing to admit they themselves can be convinced by anything else. It is, of course, true that to a considerable extent conviction, in so far as it can be effected by direct effort, requires rationalization. Reasons must be given, but they must appeal to those attitudes, predilections, prejudices, emotions, the mental background, which govern actions. This implies a task of great difficulty. It requires discerning the mental state and processes of the person to be convinced, adopting his mentality, "sensing" what is valid from his point of view and meeting it by apparently rational expression, which in fact may be utterly fallacious. A little reflection will indicate that this is a great intellectual feat, that it involves extraordinary mental processes different from those required when other purposes are involved. The talent for doing it is outstanding in salesmen, teachers, statesmen, clergymen, possessing, of course, other necessary qualifications. Because the immediate results are often apparently short-lived and because the quality of the reasoning as expressed is frequently poor (though it may be perfectly adapted to the purpose), or because its object may not appeal to us, this business of persuasion is often erroneously considered one of low-grade intellect.

II. THE SPEED FACTOR

A second condition affecting the adaptation of mental processes is that of the time available for their operation. In general, the time available for effort to ascertain or formulate the truth when this is the primary purpose is ample. Haste is then hardly an acceptable excuse for poor reasoning or for the acceptance of a conclusion from non-logical processes without the application of reason when possible as a check. In contrast, it is evident that in many circumstances mental efforts must be accomplished with such rapidity that the word "thinking" does not apply. This is well illustrated by a case relating to purposive physical action quoted by Koffka.[1] " 'During the war he (von Allesch) was on patrol in the Alps. He had to make a descent from a rocky crag by means of a chimney whose upper mouth gaped about ten metres under and far to the side of his position. Having climbed down on a rope he

[1] *Principles of Gestalt Psychology* (New York: Harcourt, Brace & Co., 1935), pp. 626, 627.

found himself hanging in the air and several metres to the left of the chimney, with no more rope for a further descent which would have landed him on a ledge by which he hoped to reach the chimney. He determined to reach the opening by swinging on the rope. In doing this, the rope slipped from his feet, and his hands were not able to support his weight. . . . The next moment he realized that he had taken hold of the rope with his teeth. . . . In the next moment his feet waving in the air had caught hold of a projecting piece of the slab, (etc.).' The important point in the process is, that this action, not belonging to the technique of mountain climbing, never previously considered, and, of course, never previously practised, the only one which could save me, arose spontaneously without any conscious deliberation. . . . Here was a real problem which we might put as a question to test a subject's intelligence: What would you do under those conditions? And the solution was *not* produced by an act of thought, but at a time when the rational part of the organism had concluded that no solution was possible."

Between the extremes of rigorous thinking and fast mental action not called thinking, there is a wide range and many degrees. In active parliamentary debate, in much newspaper work, in the line of battle, in other emergency conditions, in some forms of trading, to give only a few illustrations, rapid mental processes are obviously essential. The limited capacity of many highly intellectual people to function acceptably under severe conditions as to speed indicates an uncommon order of mentality. It is sometimes wrongly considered by ponderous reasoners as evidence of a poor order of intellect.

III. THE NATURE OF THE MATERIAL TO WHICH THE MIND IS APPLIED

The nature of the subject matter to which the mind is applied determines the kind of mental process which can or cannot be used. It seems to me this is apparent from a consideration of the various kinds of material. Without attempting a classification that is technical, precise or exhaustive, we may consider the material that we have to work with, of three classes:

1. *Material That Consists of Precise Information*

This consists of observations from which a conclusion may be drawn by scientific method, and propositions or facts previously established or widely accepted as true, to which formal logic can be

applied. A great deal of such material is now involved in ordinary affairs, as is evident in legal work and in the great extension of cost accounting and statistical methods, and in other highly technical processes in business. Much of the progress of recent years in many businesses has been achieved by developing methods of measurement that furnish material of this type. Of course, statute laws, the provisions of contracts, legal decisions and definite formulations of policy are also material of this kind.

2. *Material of Hybrid Character*

This consists of data of poor quality or limited extent, propositions recognized as of doubtful validity or of tentative character, and qualitative facts which cannot be expressed numerically, requiring such adjectives as good or poor, bright or dim, orange or yellow, fine or coarse, stable or unstable, etc. A large part of the mental work in business and government is certainly applied to material of this character. As its quality decreases, reasoning applied to it becomes more and more hypothetical and is quite speculative. The form of logical inference may be preserved but the premises become more and more mere verbal expressions without definable content and the reasoning mere rationalization, judgments and intuitions in the verbal form of thinking.

3. *Material of a Speculative Type*

This consists of impressions and probabilities not susceptible of mathematical expression and purely contingent uncertainties, including the possibility or the probability of the existence of unknown factors and their possible effect. This type of material is an important and vital part of what the mind must be applied to in ordinary affairs, so much so that much of the skill required in the management of business and public affairs consists in avoiding so far as possible positions of uncertainty; but, in the nature of things, only a relative success can be attained. No matter how expressed, the processes involved in reaching a judgment here are subjective and non-logical.

The main point is that it is impossible effectively to apply the logical reasoning process to material that is so insecure that it cannot bear the weight of ponderous logic. We know, however, that the mind must deal

with just this kind of material in a very large part of personal and general affairs. The much ridiculed "woman's intuition" is the only mental process that can apply to it. If you have a choice of having that appendix out today and missing an important engagement tomorrow, say, to be married, or of having it out next week and going on with the ceremony, you will settle the choice by non-logical processes. You must settle it and reasoning will not do it. If you live, you are likely to describe the excellent reasoning by which you made the perfect choice, but there will be little truth in it.

It may be pertinent and useful to comment on several consequences of these considerations.

One is that the inculcation of the notion that reason can and should always guide what we do often produces a deplorable state of mind evidenced by hesitation, fear and lack of initiative. Men become afraid to trust their judgment, yet they see that they cannot apply reason. I have seen more than one partly incapacitated for useful work due to this cause, and I believe there are many such cases, although there are usually other factors also involved.

The ability to work effectively by non-logical processes often produces the appearance of "courage." Properly viewed, however, it takes no more courage to decide a question on the basis of judgment than it does to decide it on the basis of a logic that may be fallacious or of make-believe reasoning when that is all that is possible. The decision by either method may be wrong, but seems to me more likely to be wrong if based upon fallacious reasoning. In an emotional sense, it may take more courage to guess than to calculate, if something important is at stake, but if there is no basis for calculation, it is more intelligent to guess than to manufacture data for false calculation.

In the case of the business man, executive, politician, salesman or mechanic, the normal situation is that a conclusion must be reached, a decision must be made, by a date, frequently at once, on the spot. Whether the data are adequate in quantity and quality, whether there are elements of quality not numerically measurable, whether there are mathematically measurable probabilities or uncertainties, whether knowledge is inadequate, and whether all possible factors may be known, or not, a conclusion must nevertheless be reached. Of course, a decision to do or say nothing is a positive decision in most affairs. Moreover, upon the correctness of that decision in many cases, or of a series

of such decisions, personal reputation, personal fortunes, the welfare of others, and many social consequences depend, so that the conditions of decision usually include a state of tension due to personal responsibility.

These considerations affect the approach of the non-scientific man. He is capable of, uses and appreciates the need of logical reasoning and scientific method, although his technique is often limited; but he knows that usually this mental process can be employed effectively as to only a part, and frequently a small part, of the subject concerning which decision must be made. The correctness of such decisions must, therefore, depend upon the effectiveness of the mental processes of the type that can handle contingencies, uncertainties and unknowables.

To the casual observer decisions made in this way appear to be merely guesses, or what we sometimes call "hunches." Some of the decisions or conclusions reached in the course of ordinary affairs must be guesses in the sense that no more intellect needs to be used than would be the case if reliance were placed in the toss of a coin. Many simple questions of the "yes" or "no" type would be answered correctly in half the cases by this method. But most questions are not of this simple type. The alternatives and degrees of possible decision are numerous and could not readily be selected by chance.

Yet, although the difference between mere guessing and judgment cannot be evident in the individual case, good or bad judgment is evident in a series of cases by the results. If we did not too commonly ascribe good judgment to mere knowledge and professional technique, we would appreciate more than we do how great is the difference in the quality of non-logical minds. A friend once expressed the point when he said of a third person of extensive knowledge and experience in his business that "he knew more about it and could do less with it than any one else he had met." We know from ordinary experience and observations that among men of apparently equal training, education, and knowledge there is a wide difference in "good judgment," ability to be "far seeing," in "perspective."

If, then, we put aside the bias we normally have against the non-logical processes, open our minds to their great extent and usefulness, and examine what determines the kind of process that is useful, we find that purpose, speed and the nature of the material are all involved. It is then easy to see that a great variety of mental processes is required, ranging from the very rapid intuitional, frequently even called "feeling," to the formal logical processes of scientific reasoning. All these processes

appear to be required in any kind of work; the differences are in the relative emphasis upon the various parts of the scale of processes. In scientific work, no matter how much the intuitional may be required, logical formal reasoning of high excellence is essential. Thought and knowledge cannot be transmitted or examined unless it is expressed. In the world of affairs, on the other hand, where correctness of decision or persuasion is often the purpose, the intuitional processes should be supplemented by the more conscious reasoning processes where feasible; but the practical necessities in many activities require chiefly the non-logical processes.

These considerations, I think, produce a feeling of distrust on the part of the scientifically minded for speculative philosophy, which employs formal reasoning without experimental test, and for the non-logical intellectuality of the men of professional and practical affairs. This distrust is justified as related to scientific fields. It is unintelligent as applied to many other fields, excepting those phases, usually special aspects, to which formal reasoning is adapted.

Conversely, the man of affairs, despite his constant use of the words "logical," "sound reasoning," "reasonable," etc., in his rationalizations, even more distrusts the formal reasoning processes for the fields in which he works. This distrust likewise is well founded. It seems to me undoubtedly true that unbalancing of judgment in many cases comes from a distortion of problems because some factors are susceptible advantageously to reasoning processes while the other factors are not. This is most easily observed in matters involving engineering studies or statistical work. The appearance of completeness and precision, secured by laying aside the factors not susceptible of mathematical treatment or of orderly presentation, is deceptive, especially when accompanied by words, blueprints and statistics in profusion. Then, again, the love of rationalization predisposes many men to select for attention those aspects of questions which readily lend themselves to verbal display. This subtle tendency is most manifest in those public speakers or writers whose honest opinions gradually come to be based upon what they find easy to say or write or even what they think their audiences like to hear or read.

But the most important basis for distrust of logic on the part of many experienced persons is, I suspect, a fear that too much reasoning inhibits the intuitional processes which they regard as generally indispensable and as the more reliable in many circumstances. Habitual an-

alysis, in other words, may teach more about a thing, but may at the same time destroy the sense of the thing as a whole. It is not without significance to me that several of the "brainiest" and most effective and capable men I have known have been almost inarticulate. Not what they could say but what they could do showed the power of their minds. Many glib talkers and writers, not being capable of understanding such men, read into their silence either inferior intellects or sinister purposes. It is an error of judgment well to avoid in your own careers.

UNIVERSAL AMERICAN CORPORATION*

In the closing weeks of 1945, the top management of the Universal American Corporation[1] was giving considerable thought to future developments in labor relations. From the time of its founding in 1915, the company had enjoyed very cordial relations with all of its employees. The company had been frequently cited for its broad-minded position on labor questions and, in the opinion of the management, had sincerely attempted throughout the years to develop and maintain an understanding attitude toward its employees. As a result of the management's attitude toward labor, the company paid somewhat better-than-average wages and had instituted over the years an extensive system of employee benefits. While the company had never entered into a company-wide union contract, some of its workers had joined craft unions. The company did not favor a closed shop, but there had never been any charges that the company had ever interfered with unionization activities or had ever discriminated against union members. The top management was well aware of the fact that the company was considered to be a good organization for which to work, and this reputation was a source of considerable satisfaction to the management. However, beginning about 1939, the company had grown very rapidly, and by 1945 the number of employees had increased severalfold.

The general labor unrest which had developed in the United States in the summer and fall of 1945 had brought the whole problem of industrial relations sharply to the attention of the Universal American Corporation. This general unrest which had swept the country and the company's own very rapid growth during the war were recognized by the management as being factors which might make for deterioration in the cordial relations which the company had historically had with its employees.

An additional complicating factor which was recognized by the top management was the fact that, as a result of the war-engendered expansion, the company was no longer a compact organization; on the contrary, the company's operations were now dispersed over the length and

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[1] All names have been disguised.

breadth of the country. This was particularly true of field operations. The company maintained crews of installation men and maintenance men working in small groups of perhaps as many as four or five under a crew foreman. The foremen of these installation and maintenance crews were responsible to district supervisors. The district supervisors in turn were responsible to division superintendents. Each division superintendent was responsible for the field operations in about four to half a dozen districts. The division superintendents in turn reported to the Manager of Field Operations. The Manager of Field Operations reported to the vice-president for Operations. A simplified organization chart of field operations of the Operations Department is shown in Exhibit 1.

Raymond Hodgson, the vice-president for Operations, and an assistant, Alben Bowles, were not only concerned over the impact which rapidly accelerated growth and increased geographical dispersion might have on the company's labor relations in a period of general labor unrest; but they had often remarked on the number of supervisory levels intervening between the men and Mr. Hodgson himself. It will be noted from Exhibit 1 that there were four administrative echelons interposed between Mr. Hodgson and the men of the installation and maintenance crews. Mr. Hodgson and Mr. Bowles recognized that the depth of this administrative hierarchy might very well make for difficulty in communicating down to the men the attitudes and policies of the top management; and conversely, because of the number of intervening tiers of management, it was quite probable that the top management was losing familiar and personal contact with the men at work.

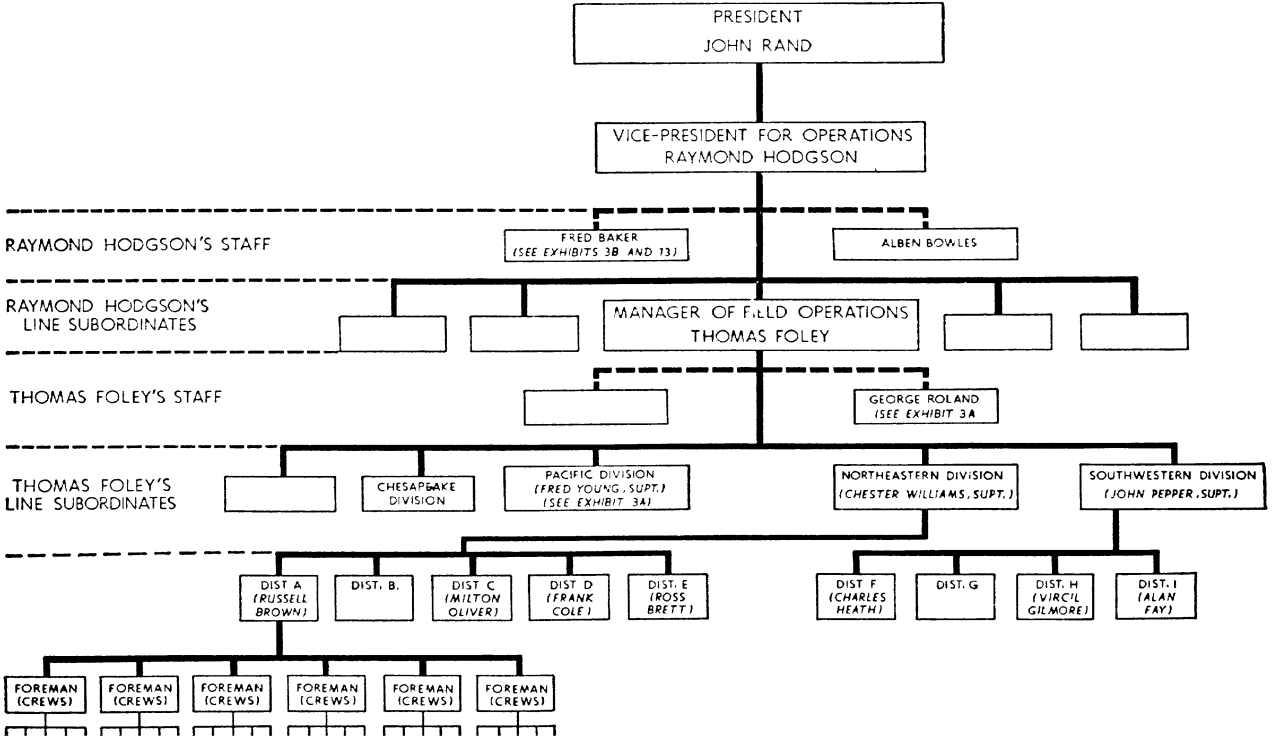
An additional source of concern was the fact that part of the company's wartime growth had been achieved by the purchase of some smaller companies whose personnel, although retained by Universal American, did not share the long-established attitude of the older workers toward the company. Furthermore, while Universal American had made some attempts to assimilate these workers, the company had not extended to them a number of the benefits enjoyed by the older group.

It was against this background of re-examination of the company's labor relations that Mr. Hodgson and Mr. Bowles became desirous of obtaining for themselves a clear picture of the frame of mind and problems of the men working in the field with the installation and maintenance crews. They were especially interested in obtaining information regarding the attitudes of the workers, in the Northeastern and South-

EXHIBIT 1

UNIVERSAL AMERICAN CORPORATION

SIMPLIFIED ORGANIZATION CHART, OPERATIONS DEPARTMENT, FIELD OPERATION



western divisions, who had come into the company as a result of the acquisition of other companies.

It was clearly impossible, it seemed to Mr. Hodgson and Mr. Bowles, for either of them to talk in person with any substantial number of the installation and maintenance crews, not only because of the greatly increased number of men employed by the company and because of the fact that they were scattered over all the country, but also because both men were actively occupied with the problems confronting the company during the post-hostilities reconversion period. Mr. Bowles, therefore, evolved a plan which he hoped would provide him and Mr. Hodgson with an insight into the attitudes of their workers.

According to this plan, Alben Bowles was to ask Thomas Foley, the Manager of Field Operations, to prepare, independently, a statement of grievances which he knew to exist in the field organization, following which he was to ask the division superintendents to prepare, also independently, their own lists of grievances which they might know to be current in their divisions. In turn, after their own lists were prepared, the division superintendents were to request their district supervisors to compile a list of grievances known by them to exist in their respective districts.

Thomas Foley maintained his office in Kansas City, Missouri. One day, while Foley was visiting the home office of the company in Chicago, Mr. Bowles outlined his plan, which Mr. Hodgson had previously approved. Soon after his return to Kansas City, Mr. Foley presented the plan to the division superintendents, who had come to Kansas City for a quarterly meeting. He asked each of them to prepare his own statement of his views of grievances existing in his own division, following which each of them was to obtain, for the home office, statements from his district supervisors outlining grievances of which they were aware. Not only did Mr. Foley discuss in general terms the plan for obtaining material from the field relating to grievances, but in individual conferences with each of his division superintendents he again went over the plan in detail in order to ascertain that each superintendent understood what was required. In addition, Mr. Foley sent a letter to each of the division superintendents summarizing his instructions. A copy of such a letter is reproduced in Exhibit 2.

In accordance with the request of Alben Bowles for an independent summary of known grievances, Thomas Foley prepared the statement reproduced in Exhibit 3b, which he sent to the home office in Chicago, accompanied by the letter of transmittal shown in Exhibit 3a.

Upon returning to their respective divisions, the division superintendents compiled lists of existing grievances of which they had knowledge, and they promptly sent the lists to Mr. Foley. Having compiled their own lists of known grievances, the division superintendents then communicated with their district supervisors, and outlined to them what was required in order to provide, through Mr. Foley, for the benefit of the home office in Chicago, a summary of grievances prevailing in the field. The division superintendents conveyed these instructions to their district supervisors in different ways. Mr. John Pepper of the Southwestern division sent letters to each of his district supervisors outlining the instructions which he had received from Mr. Foley and requested that the supervisors reply by mail at the earliest possible date. Mr. Chester Williams of the Northeastern division, on the other hand, called his district supervisors on the telephone and instructed them to prepare summaries of the grievances in their district, to be addressed and sent to Mr. Foley directly.

The list of known grievances prepared by Chester Williams of the Northeastern division is reproduced in Exhibit 4. The list prepared by John Pepper of the Southwestern division is reproduced in Exhibit 5. Letters received from three district supervisors by John Pepper, which he forwarded to Mr. Foley, are shown in Exhibits 6, 7, and 8. Letters received by Thomas Foley from district supervisors working under Chester Williams are shown in Exhibits 9, 10, 11, and 12.

Upon receipt of the lists of grievances known to the division superintendents (see Exhibits 4 and 5), these lists were forwarded by Mr. Foley to Alben Bowles, along with a letter of transmittal, which is shown in Exhibit 13. Subsequently, about the end of January, when Mr. Foley had received letters from the district supervisors (Exhibits 6–12), he took them with him, to present to Alben Bowles, when he went to Chicago for his monthly conference. Thus Mr. Bowles had accumulated a collection of letters which had come from district supervisors, division superintendents, and the Manager of Field Operations.

EXHIBIT 2

UNIVERSAL AMERICAN CORPORATION

January 2, 1946

To: CHESTER WILLIAMS
From: THOMAS FOLEY

Referring to my conversation with you today, I would appreciate your preparing a list of all grievances that you know about in your division and send

this list together with two extra copies into this office by not later than Friday, January 5. After you have prepared your own list, will you please get in touch with your supervisors and get from them a list of grievances that they may know about. These lists from the supervisors should be in this office by not later than Wednesday, January 9.

I would like to encourage you and the supervisors to be fair in making out these lists and if you know of a grievance be sure to list it even though it may reflect upon some individual, the Management, or Company policy, as Mr. Bowles and Mr. Hodgson have both requested that we give them a fair cross section and idea.

I can assure you that they do not want the grievances hand picked but they sincerely desire to know exactly what might be on the minds of the employees. Of course, you understand that these grievances are primarily to report the grievances of the men and not necessarily just the supervisors, although it will be entirely satisfactory to list both.

TF/nm THOMAS FOLEY
cc: Mr. Alben Bowles

EXHIBIT 3a

UNIVERSAL AMERICAN CORPORATION

January 3, 1946

To: MR. ALBEN BOWLES
From: THOMAS FOLEY

The attached report is in answer to your request that we give you a list of the grievances together with our comments. You will notice that in most cases these grievances have not been ignored but we have had a very definite plan to eliminate them. I do not feel particularly proud of the progress that we have made; on the other hand, it has been a rather trying two years and certainly with help and material more available we should be able to make substantial progress on most of these grievances within the next year. Frankly, the number of grievances startled me a little bit when I wrote them out. I believe all this indicates the need for a real good grievance procedure, and I would like to make the following recommendations:

(1) That we immediately put into effect the tentative plan discussed in Chicago whereby meetings will be held in the divisions between the superintendent and the foremen and/or the men as the case may be. For example, in Iowa, I believe we could meet with the foremen and the men as we have so few foremen and the same is true in the Chesapeake Division. In other divisions, such as Pacific, Southwestern, and Northeastern, the meetings could best be held with just the foremen. However, I think every superintendent should be required to submit his recommendations as to the frequency of the meetings and who should attend. These recommendations would then be reviewed and a

definite schedule of dates would be issued by someone such as Mr. Roland. The dates should be staggered to permit someone such as Mr. Roland, or myself to attend, as I do not believe any of our superintendents, other than perhaps Fred Young of Pacific, are qualified to hold these meetings without having help or supervision from the Chicago Personnel Department.

I then feel that the schedule of the first meetings should cover the history of the company, Mr. Rand's talk, and all the information contained in Mr. Hodgson's talk on unions. At each of these meetings, a definite amount of time would be set aside to discuss grievances. This schedule would take up approximately three meetings and by that time perhaps we could follow through with the regular foremen training program.

I do not know what the letters will show that we receive from the supervisors and the superintendents but my guess is that it will show that we need considerable training to help our foremen recognize a grievance or a source of a potential grievance. For example, when I talked to Mr. Pepper he said that offhand he didn't know of a single grievance.

I would also like to suggest that the company announce through the superintendents that we are going to have two family parties a year and the company will pay the expenses, as I believe this will do a lot to create goodwill and there has certainly been a lot of confusion and misunderstanding on the matter in our department and it has certainly caused considerable ill will and while I have not listed it with the grievances it most certainly is an outstanding one. I feel that we should devise a new plan of a more permanent nature for handling grievances involving some of the following points that a man secures when he joins the Union:

(1) Ease in presenting
(2) Ease in getting around immediate boss
(3) Enjoys complete protection
(4) Is advised as to the final disposition and the reasons relating thereto
(5) Has complete access to progress all the way to top management as well as the fact that the top management have occasion to review the decision made on those grievances disposed of in the lower steps by virtue of the fact that all grievances are reduced to writing in the very first step.

While the attached letter and report is the result of considerable thought and work, I do wish to point out that after all it was prepared in a matter of less than two days and every single item on every grievance has not been explained or brought to a final conclusion, however, I believe it is the type of thing to be of assistance to you and Mr. Hodgson at this time. You will notice there has been no complacency on our part regarding these matters but that in all cases we have not been able to bring the matters to final conclusions.

THOMAS FOLEY

TF:bt

EXHIBIT 3b

UNIVERSAL AMERICAN CORPORATION

January 3, 1946

To: MR. ALBEN BOWLES
From: THOMAS FOLEY

We are listing below the grievances that we know of in the Southwestern and Northeastern Divisions together with a brief comment regarding each one in order to get something in your hands promptly. We have not checked down to the last detail on every grievance but will give you and Mr. Hodgson enough information to be able to cover the matter adequately in any meeting that may be held in the immediate future.

GRIEVANCES APPLY GENERALLY THROUGHOUT THE TWO DIVISIONS

(1) Pay scale of maintenance men and installation men lower than paid union men in the Chesapeake Division. This grievance will be eliminated as of January 1, 1946, by raising these men to this pay scale and creating a new job classification. You will recall we discussed this matter several months ago, and it was your recommendation which I concurred in that we wait until going to the forty hour week before putting this new pay scale into effect.

(2) At the present time, we have no set plan for shift rotation in some locations. Some men always work the same shift and in some location they rotate every week, every two weeks, once a month, etc. On December 13, I wrote Fred Baker and asked for a complete survey of our entire operations showing how this was being handled, as it was brought to my attention about that time as being a grievance in certain localities. Upon completion of the survey, we will get together with the superintendents and make a recommendation.

(3) At the present time, the maintenance and installation forces are permitted driving time in one direction only, and we believe that we should attempt to adhere to this practice. On the other hand, the union men in the Chesapeake Division are allowed their driving time to the job and returning from the job, and this will be presented to us as a grievance if the union activities are extended. My recommendation would be to attempt to change the Chesapeake Division rather than concede this point in all divisions. On the other hand, it probably would be helpful to have a survey made and find out what other companies are doing.

(4) There has been some comment that we changed to forty hours a little too soon and did not give the men enough of the gravy. However, I am sure that the veterans returned together with the fact that we have laid off 25 men because of lack of work is sufficient justification for having recommended and gone to the forty hour week in these divisions. We can also point out the other divisions of the company

together with the fact that most of the industry have gone in this area also.

(5) Some comment has been made to the effect that the retroactive time and a half should have been extended to the date that it was put into effect in other divisions. I believe our best defense for this argument is simply that the entire matter was voluntary on the part of the company, cost a quarter of a million dollars, and the fact that efforts were made to do it prior to this time but were defeated by the Government and when we were allowed to make adjustments they still had to be on the basis of being reasonable in their nature.

(6) While it is not a grievance as yet, it will be pointed out by the union to prospective members that the company occasionally uses hourly labor to fill in as crew members without giving them the increased rate. I believe we should probably start paying these men at the increased rate rather than continue to follow our former practice.

(7) I believe we will find there is a certain general feeling of unrest in these two divisions which I would attribute to two things:

(a) The major differences in policy between the former management and our policy, that is, the former management believed in a lot of labor and always having a lot of men on the job and paying sub-standard wages, whereas our policy has been to reduce the personnel to a minimum and pay better than the going rates in an area.

(b) There are approximately 350 men in the two divisions, and we have approximately 100 veterans to return and at a rate of two or three per week. We have also reduced the total overall forces by approximately 25 men which means that in the past few months and over the next few months there are bound to be over 100 changes. There may be another 100 men moved which means that somewhere between 50 and 60% of the men in the two divisions will be affected in one way or another.

(8) There is still some feeling regarding the amount of supervision from the Kansas City office. In other words, there is a definite trend toward individual job analysis and a definite determination to find out what each and every man is doing, and I believe that this is a grievance that is pretty well felt along the whole line of workmen. I also believe that in another six months, we shall be pretty well satisfied as to the number of men required in the organization in these two divisions and that this feeling should die out after that time.

(9) We have slowly been working to eliminate the four twelve hour shifts formerly worked by many of the employees. We felt that there was an element of safety and an element of inefficiency in the fact that one complete twelve hour shift was always overlapped with another man. This has caused some discontenment and we have not pressed the point too much but are reviewing it again in connection with the forty hour week.

(10) *Telephones*

While no policy has been announced in regard to the payment for telephones, some of them have been eliminated, and we are slowly working on eliminating others until such time as a uniform policy is adopted by the company as a whole.

(11) Removing the personal cars from the car check list has caused some discontentment, as in many cases it was a rather nice source of income amounting to $20 or $25 per month per man. In general, however, we have already eliminated these cars where we could put in one truck and eliminate two cars, and we are just now getting to the point where we are eliminating only one car through the use of one truck. This program will be continued as soon as we are able to get Chevrolet trucks, and I do not believe any defense is necessary on this point as the whole system was obviously an injustice to the company.

(12) The creation of working foremen and elimination of some of the extensive overhead is something new and at present is somewhat of a grievance among the foremen which will later be transferred to the men, as they realize these foremen are doing work for which another man could be employed. I do not believe this requires any particular comment except that in the event the divisions should ever unionize we would probably class the men as workmen rather than as foremen.

(13) The use of pickup trucks instead of passenger cars has caused some grievance; however we feel the trucks are more practical for the work and also go a long ways toward the elimination of the use of company equipment for personal and family use. There has been some grievance on the use of company cars for personal use, however, we have not pressed this point as much as we should have because we lack a uniform policy within our own department as well as within the company as a whole, and I think that wherever there is a lack of policy within a closely coordinated group someone is always taking advantage until the policy is clean cut and my own recommendation is to get an overall policy applying to production people and salesforce, and put it into effect so that every one is on the same basis.

THE FOLLOWING GRIEVANCES HAVE TO DO MORE SPECIFICALLY WITH THE OPERATIONS AT THE CHESAPEAKE DIVISION

(1) There has been some grievance on the hours of work of the installation crews when away from home. Proposals have varied all the way from six eight hour days to seven twelve hour days, and it would be my recommendation that in the future we consult with the men whenever they are going to be a substantial distance from home and agree to work the hours that the majority seem to want after they understand the location and magnitude of the job.

(2) We have tried several systems of reimbursing the men for personal expenses all of which have created either grievance among the men

or difficulties with the Cost Department, and we have now come to the conclusion that the best plan would be to offer a flat amount to the men with no receipts required and this plan is to be suggested to the men at the time of their next trip when they will be away from home for any extended period.

(3) Complaints have been received that our gang-trucks are too small, as we are now using half-ton trucks for hauling four, six, or eight men together with their tools. The trucks are too light to be safe and we agree with this complaint and have had one ton trucks on order for over six months. In the meantime, however, the men are being given the new trucks and we are getting by, although it is a grievance that we recognize and are working on.

(4) *Truck Drivers' Salaries*

This group of men have always been trouble makers and are now making $230 a month. The highest paid truck driver we have in other divisions is making $210 and to my mind there is nothing we can do for this group. We are planning on having a job analysis made, as we believe that the group of big trucks should be put on a dispatching system, and we can probably cut from five trucks down to two or three and in doing this we will be able to get rid of some of the trouble makers and get the group small enough so that they can be handled in a little better manner. An analysis shows that we are now paying wages beyond those paid by any other company to this class of employees and I do not believe the grievance can be supported.

(5) *Tractor Drivers' Salaries*

These have been the same as truck drivers until recently and on the basis of the old rates before the 15% they were raised to $220, however, they had their eye on the salary paid the crane operator of $240. It is true that in most installation crews, the tractor operators and crane operators all get the same. However, in this case the crane operator has been with us for a good many years and is a very unusual man to which everyone agrees, being an expert mechanic as well as an operator and has always taken considerable pride in his machine, whereas our tractor drivers have only had two or three years service and are just average men. We are also paying pretty good wages, and I do not believe any further action should be taken on this grievance.

(6) We still have the foremen's grievance that even the laborers sometimes make more money than they do when we have worked seventy and eighty hours per week. I have no comment to make on this at the time but will give it some further thought.

(7) I believe there has been some comment on the welders part that they do not make as much money as the welders in some of our other operations. Since we went to the forty-hour week and are paying time and a half this complaint has died down somewhat, and I do not believe that it is serious right at this time.

EXHIBIT 4

UNIVERSAL AMERICAN CORPORATION
Northeastern Division

To: MR. THOMAS FOLEY
From: CHESTER WILLIAMS

January 4, 1946

DEAR SIR:

I am herewith submitting a list of Grievances, per your letter.

1—Returning Vets do not agree with coming back to work at a salary below top pay for the classification.

2—Delivery of Pay Checks slower than in the past.

3—Calling out maintenance crew on off hours or working beyond the scheduled 8 hour day making emergency repairs and in order to maintain a 40 hour work week, eliminating premium hours, cutting off after 40 worked hours. Off hours in this case, mean those hours from the time the foreman has released his man for that day and work time the next morning.

Yours very truly,

CHESTER WILLIAMS

CW:bt

EXHIBIT 5

UNIVERSAL AMERICAN CORPORATION
Southwestern Division

January 4, 1946

To: MR. THOMAS FOLEY
From: JOHN PEPPER

DEAR MR. FOLEY:

At your request the following report includes all grievances known to me in the Southwestern Division.

Arthur Drury formerly employed at District I headquarters, is now scheduled to work at the Office of District F. His complaint is the seven days continuous duties, although the hours worked will not exceed forty hours per week.

Henry Darnley, maintenance foreman, at Marystown, has a complaint that he needs an assistant or clerk. His duties do require several hours for office work and is very confining. I feel this will be eliminated in the near future.

Fred Sarnes, whom we are just in the stage of demoting from Supervisor in District G to maintenance foreman, feels he is not being given the better deal. How this outcome will be is not yet available.

Charles Heath, Virgil Gilmore, and Alan Fay, do not seem to understand the absolute reason for their transfers, but I have given them the facts and feel this is at present in good condition.

We have a complaint, consisting of about seven employees, maintenance men, which concerns their transportation while on the job. The truck in which they are hauled is in poor condition and they seem to have some fear of safety, however we are being careful and doing what we can to keep it in a safe condition. This will be overcome at such time we can replace this truck with a new one or at least one in better condition.

We have some complaints from various people about the procedure of authority to start new installation jobs. This seems both to me as well as the foreman in the field, to be very slow and we do not get a definite answer, either yes or no. This is a handicap on the operating people in the field, because we are not in position to advise outside people, with whom we are doing business, of the program we plan to do.

I am very happy to state that at present I do not know of any grievances in this district that is large, serious or that can not and will not be cleared within a short time by routine operation.

If I can furnish any other information, helpful to you along these lines, I shall be glad to do so.

Yours very truly,

JOHN PEPPER

EXHIBIT 6

UNIVERSAL AMERICAN CORPORATION

January 20, 1946

To: MR. JOHN PEPPER
From: CHARLES HEATH

In reply to your letter of January 7, 1946 regarding grievances which exist under my supervision, I should like to make the following report.

Some of the maintenance men have asked that they be furnished with tool boxes in order to properly care for the equipment which they must use from day to day. As I understand the matter, at present, tool boxes are to be furnished, but some time has passed and apparently little progress has been made; therefore, I believe that each maintenance man should have some kind of box in which to keep his tools until such time as some standard box can be furnished by the Company.

The maintenance men in this district also have stated that better tools are needed, as well as some of the new improved testing equipment. By using this type equipment our equipment will then compare favorably with equipment used by our competitors.

Other than these grievances listed above, any others are of such a nature that they will be eliminated in the course of carrying on routine work.

Yours truly,

CHARLES HEATH

EXHIBIT 7

UNIVERSAL AMERICAN CORPORATION

Jan. 23, 1946

To: JOHN PEPPER
From: VIRGIL GILMORE

After talking to the men under me on complaints etc., no one seems to have any one thing to complain about. But the general talk is as follows:

That if there is a vacancy that if it was known thru the district that maybe some older man in service might want to transfer to the place thinking it might be a better setup for him.

Yours truly,

VIRGIL GILMORE

EXHIBIT 8

UNIVERSAL AMERICAN CORPORATION

January 24, 1946

To: MR. JOHN PEPPER
From: MR. ALLAN FAY

In reply to your request for Grievances known in this district. We have contacted majority of employees here and in our opinion the following is the core of all our grievances in this area: Main difficulty we have in this district is the problem of transportation. First, we are in great need of a spare vehicle for insurance on break-downs, etc. Second, vehicles we have on job have an average of 100,000 or more miles, and therefore in our estimation incapable of offering the type of service needed to get the job done.

Very truly yours,

ALLAN FAY

EXHIBIT 9

UNIVERSAL AMERICAN CORPORATION

January 11, 1946
Grievances

MR. THOMAS FOLEY
MR. RUSSELL BROWN

DEAR SIR:

In response to your request, that if we have any grievances we should write a report, either pro or con.

My first grievance would be that this does not conform to my idea, a person might write something that might be used as a boomerang in the future.

Second, a personal contact with the management to discuss our ideas in the field, where things look different and are more realistic than on paper.

Having worked for the company several years, it has always been my intention to work for the interest of the company, and I think my work stands on its own merits.

My personal grievance (if that is what it might be classified) is my salary. Having worked for some time in the capacity of District Supervisor, I have not, as yet, received an increase in my salary.

Yours very truly,

RUSSELL BROWN

EXHIBIT 10

UNIVERSAL AMERICAN CORPORATION

MR. THOMAS FOLEY
UNIVERSAL AMERICAN CORPORATION
KANSAS CITY, MISSOURI

DEAR TOM:

We have a few matters we would like to call to your attention, and would appreciate your taking them under consideration, to see if something can be worked out, to the satisfaction of all parties concerned.

1. Hourly workers are dissatisfied because there is no certainty as to the date they receive their checks. Some of them have obligations to meet at certain times, and when their checks are late, which frequently is the case, it is sometimes embarrassing to them.

2. Some of the hourly workers say that our rates of pay are not up in line with what other companies operating in this section are paying.

3. We need larger trucks to carry the installation crews and tools, since a ½ ton truck is too small to carry a crew, and the fittings that are usually necessary for most jobs. Also our maintenance transportation is in very poor condition.

We will appreciate it if you will give these matters your attention, and if there is anything further you care to know in regard to any of them, we would be glad to hear from you.

Yours very truly,

MILTON OLIVER

EXHIBIT 11

UNIVERSAL AMERICAN CORPORATION

January 14, 1946

To: THOMAS FOLEY
From: FRANK COLE

DEAR SIR:

I wish to advise that as of this date I have no grievance to report.

Yours very truly,

FRANK COLE

EXHIBIT 12

UNIVERSAL AMERICAN CORPORATION

January 10, 1946

MR. THOMAS FOLEY
MR. ROSS BRETT

DEAR SIR:

In accordance with the request of Mr. Chester Williams of the Northeastern Office, we are writing this letter to advise you of the fact that there are no grievances to report for this district; District E.

Very truly yours,

ROSS BRETT

EXHIBIT 13

UNIVERSAL AMERICAN CORPORATION

January 8, 1946

To: MR. ALBEN BOWLES
From: THOMAS FOLEY

Subject: Grievances in Northeastern and Southwestern Divisions

The attached grievances, which I am forwarding with the following comments, were received from Mr. Pepper and Mr. Williams:

I do not believe that Mr. Pepper's grievances require any particular comment except that I think we should work it out so that Arthur Drury is off at least one day per week. In so far as the grievance on having authority to start construction on a new job, I shall ask Mr. Pepper to contact me personally any time they are being held up and will have him keep a record of these cases in order to determine when the information and request was passed on to us in an effort to find out where the difficulties lie, as we have been receiving rather prompt action from you and Mr. Baker[2] when we had to have an answer.

In so far as the grievances from Mr. Williams are concerned, as long as we do not have a union we do not have to level off wages. I still believe it is sound to have merit distinction in rates and do not believe there is any real reason why we should start every veteran with the top pay of that classification. However, we must admit if the men were unionized all of them would get the same rate, and I believe the Management should arrive at the policy as to whether we want to continue to have merit distinction among the non-exempt groups. I believe we should immediately stop the practice of reducing the work week because of emergency hours worked. We have already agreed to that in the

[2] (ED. NOTE: Mr. Fred Baker of Mr. Hodgson's staff.)

Chesapeake Division, and I believe this practice should immediately be discontinued in the Pacific Division. The important thing would be, however, to make sure that everyone understands what an emergency is.

THOMAS FOLEY

TF/nm
Att.
cc: MR. JOHN PEPPER
MR. CHESTER WILLIAMS

QUESTIONS

1. To what end, or for what purposes, did Mr. Hodgson and Mr. Bowles desire to obtain "a clear picture of the frame of mind and problems of the men working in the field. . . ."?
2. In view of the problem as you see it, and in view of Hodgson's and Bowles's stated objectives, what do you make of the fact that, according to Bowles's plan, Mr. Foley was to be asked to prepare a statement of the "grievances" which he knew to exist in the field organization? That the several division superintendents were each to prepare a list of the "grievances" known to be current in their respective divisions? That the district supervisors were to prepare a list of "grievances" known by them to exist in their respective districts?
3. What do you think of the way in which Mr. Foley handled the explanation of the plan and the instructions for carrying out the plan to the division superintendents? What do you think of his letter to Chester Williams (Exhibit 2)?
4. What do you think of Thomas Foley's letter of transmittal (Exhibit 3a) and of his statement (Exhibit 3b)?
5. What do you think of the instructions concerning the plan which John Pepper and Chester Williams each gave to his district supervisors? What do you think of the *way* in which each gave these instructions to his subordinates?
6. What do you think of the letter written by Chester Williams (Exhibit 4)? Of the letter written by John Pepper? In what ways are these letters different? To what would you ascribe the difference?
7. What do you think of *each* of the district superintendent's letters (Exhibits 6 through 12)? What do you think of these letters as a group? What differences or similarities among these letters strike you as probably being significant? What do you make of the differences or similarities which you think are probably significant?
8. What do you think of Mr. Foley's letter of transmittal accompanying the letters of the division superintendents and of the district supervisors?

9. Judging from the letters, what, in your opinion, did each of the several men involved, from Hodgson on down, apparently think was the purpose of this plan?
10. To what extent did Hodgson and Bowles attain what appear to you to have been their objectives?
11. What alternative procedure (or procedures), if any, do you think Hodgson and Bowles might better, or at least just as well, have followed in order to obtain "a clear picture of the frame of mind and problems of the men working in the field. . ."? What do you make of the fact that they thought up the particular plan they did?
12. What assumptions do Hodgson and Bowles appear to have made, knowingly or otherwise, in adopting this particular plan? What do you think of these assumptions?
13. What conclusions do you think Raymond Hodgson should draw from any or all of these letters he accumulated? Alben Bowles?
14. What, if anything, do you think Raymond Hodgson should do in light of these conclusions? Why? To what purpose?

"OF CUNNING"*

by

FRANCIS BACON

We take cunning for a sinister or crooked wisdom; and certainly there is great difference between a cunning man and a wise man, not only in point of honesty, but in point of ability. There be those that can pack the cards, and yet cannot play well; so there are some that are good in canvasses and factions, that are otherwise weak men. Again, it is one thing to understand persons, and another thing to understand matters; for many are perfect in men's humors that are not greatly capable of the real part of business, which is the constitution of one that hath studied men more than books. Such men are fitter for practice than for counsel, and they are good but in their own alley.[1] Turn them to new men, and they have lost their aim; so as the old rule, to know a fool from a wise man, "Send them both naked among strangers, and then you will see,"[2] doth scarce hold for them; and, because these cunning men are like haberdashers of small wares, it is not amiss to set forth their shop.

It is a point of cunning to wait upon[3] him with whom you speak with your eye, as the Jesuits give it in precept; for there be many wise men that have secret hearts and transparent countenances; yet this would be done with a demure abasing of your eye sometimes, as the Jesuits also do use.

Another is that when you have anything to obtain of present dispatch, you entertain and amuse the party with whom you deal with some other discourse, that he be not too much awake to make objections. I knew a counsellor and secretary that never came to Queen Elizabeth of England with bills to sign, but he would always first put her into some discourse of estate,[4] that she might the less mind the bills.

The like surprise may be made by moving things when the party is in haste, and cannot stay to consider advisedly of that is moved.

* Reprinted from *Essays and New Atlantis.* Published for the Classics Club by Walter J. Black Inc., New York, 1942.

[1] Bowling alley.

[2] *Mitte ambos nudos ad ignotos, et videbis.*

[3] To watch.

[4] State.

If a man would cross a business that he doubts some other would handsomely and effectually move, let him pretend to wish it well, and move it himself in such sort as may foil it.

The breaking off in the midst of that one was about to say, as if he took himself up, breeds a greater appetite in him with whom you confer to know more.

And because it works better when anything seemeth to be gotten from you by question than if you offer it of yourself, you may lay a bait for a question, by showing another visage and countenance than you are wont; to the end to give occasion for the party to ask what the matter is of the change, as Nehemiah[5] did: "And I had not, before that time, been sad before the king."

In things that are tender and unpleasing, it is good to break the ice by some whose words are of less weight, and to reserve the more weighty voice to come in as by chance, so that he may be asked the question upon the other's speech; as Narcissus did, in relating to Claudius the marriage of Messalina and Silius.

In things that a man would not be seen in himself, it is a point of cunning to borrow the name of the world, as to say, "The world says," or "There is a speech abroad."

I knew one that, when he wrote a letter, he would put that which was most material in a postscript, as if it had been a by-matter.

I knew another that, when he came to have speech, he would pass over that that he intended most; and go forth and come back again, and speak of it as a thing that he had almost forgot.

Some procure themselves to be surprised at such times as it is like the party that they work upon will suddenly come upon them, and to be found with a letter in their hand, or doing somewhat which they are not accustomed, to the end they may be apposed of[6] those things which of themselves they are desirous to utter.

It is a point of cunning to let fall those words in a man's own name, which he would have another man learn and use, and thereupon take advantage. I knew two that were competitors for the secretary's place in Queen Elizabeth's time, and yet kept good quarter[7] between themselves, and would confer one with another upon the business; and the one of them said, that to be a secretary in the declination of a monarchy was a

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[5] Nehemiah 2:1.

[6] Be questioned upon.

[7] On good terms.

ticklish thing, and that he did not affect[8] it; the other straight caught up those words, and discoursed with divers of his friends that he had no reason to desire to be secretary in the declination of a monarchy. The first man took hold of it, and found means it was told the Queen, who, hearing of a declination of a monarchy, took it so ill, as she would never after hear of the other's suit.

There is a cunning, which we in England call "the turning of the cat in the pan"; which is, when that which a man says to another, he lays it as if another had said it to him; and, to say truth, it is not easy, when such a matter passed between two, to make it appear from which of them it first moved and began.

It is a way that some men have, to glance and dart at others by justifying themselves by negatives; as to say, "This I do not"; as Tigellinus did towards Burrhus: "He had no other hope but to see to the safety of the emperor."[9]

Some have in readiness so many tales and stories, as there is nothing they would insinuate, but they can wrap it into a tale, which serveth both to keep themselves more in guard, and to make others carry it with more pleasure.

It is a good point of cunning for a man to shape the answer he would have in his own words and propositions; for it makes the other party stick the less.

It is strange how long some men will lie in wait to speak somewhat they desire to say; and how far about they will fetch, and how many other matters they will beat over to come near it. It is a thing of great patience, but yet of much use.

A sudden, bold, and unexpected question doth many times surprise a man, and lay him open. Like to him that, having changed his name, and walking in Paul's,[10] another suddenly came behind him and called him by his true name, whereat straightways he looked back.

But these small wares and petty points of cunning are infinite, and it were a good deed to make a list of them; for that nothing doth more hurt in a state than the cunning men pass for wise.

But certainly, some there are that know the resorts[11] and falls[12] of

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[8] Desire it.

[9] *Se non diversas spes, sed incolumitatem imperatoris simpliciter spectare* (Tacitus, *Annals*, XIV, 57).

[10] St. Paul's Cathedral in London.

[11] Movements, or springs.

[12] Chances, or vicissitudes.

business that cannot sink into the main of it;[13] like a house that hath convenient stairs and entries, but never a fair room. Therefore you shall see them find out pretty looses[14] in the conclusion, but are noways able to examine or debate matters; and yet commonly they take advantage of their inability, and would be thought wits of direction. Some build rather upon the abusing of others, and (as we now say) putting tricks upon them, than upon soundness of their own proceedings; but Solomon saith: "The wise man looks where he is walking; the fool strays into the snare.[15]

[13] Enter deeply into.

[14] Lucky shots.

[15] *Prudens advertit ad gressus suos, stultus divertit ad dolos.*

LIDDICK COMPANY*

In May, 1936, C. A. Vance,[1] a graduating student at the Harvard Business School, had an interview with M. N. Northey, personnel manager, in connection with a possible position with the Liddick Company, Columbus, Ohio. The results of the interview were favorable, and Mr. Vance was asked to come to the head office of the company at a later date for further interviews. He was subsequently hired.

The company was one of the largest food processors in the country. Its products were nationally advertised and well established. When Vance went to the head office, he knew the following facts, among others, about the company. Some of these he had learned in his first interview; some he had picked up elsewhere.

1. The company had made a fortune for one of its older executives, Mr. Henry S. Wellington, who owned a controlling share of the business. In the past he had made most of the decisions that affected the business in any important way.

2. Wellington was approaching the age of retirement and had been taking steps to turn over to other hands the active management of the company.

3. Within the last few years A. B. Randles had been hired as general manager. Randles was formerly connected with a management engineering firm and in that capacity had advised the Liddick Company from time to time.

4. The company's profit reached a peak in 1931 but in 1932 had fallen more than 50 per cent. Since that time the recovery in earnings had been steady, but total profits remained below the 1931 top.

5. Vance's father, a wholesale grocer, had long been a customer of the Liddick Company. He was intimately acquainted with the company's local representative and its divisional sales manager in the territory where he did business. He had met the company's sales manager and two or three other executives from the head office on several business occasions.

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[1] All names have been disguised.

The following letter from Mr. Vance is self-explanatory.

February 6, 1937

DEAR DEAN ————:

Thank you for your letter of January 30, indicating your interest in the situation which resulted in my withdrawal from the Liddick Company.

In my opinion, the case will be clearer and more easily understood if I relate my entire experience with the firm in chronological order. Before that, however, I should like to give you a picture of the personalities involved and their background. You and the School may already have this information, but because it is important to the point of the report, I ask your indulgence in repeating it.

The board of the Liddick Company numbers among its members H. S. Wellington, A. B. Randles, and M. N. Northey. Wellington is one of the older executives of the company and has been the greatest force behind it since it began operations.

Within the past five years the company has been passing through several upheavals in its personnel. A. B. Randles, now 39 years of age, is the present general manager, a position he had held for five years. Randles was connected with the company at a previous time, however, as an efficiency expert hired by Wellington. He has been making numerous changes in the higher personnel since his appointment as general manager, and most of these changes have been to the advantage of the company. At the present time, among his other duties, Randles is sales manager. He has refused to delegate any responsibilities in the running of the company and, as a result, is taxing himself with the entire burden of operations. He realizes the need for delegating responsibilities but finds it extremely difficult to choose men who will be acceptable not only to himself but also to Wellington.

Consequently, no one in the company can make a move in any direction without first selling his idea to Randles and Wellington. Wellington built up the company by clever and unusual merchandising and really ran the entire business himself. It was this consistently good merchandizing program that has enabled the organization to grow to its present size. As two of the older employees explained, "We made money despite our mistakes."

At the present time the company faces the problem not only of maintaining and improving its merchandising efforts on its several products, but also of improving its production and purchasing methods. Its professed policy of "no speculation" in the materials used in production is not regularly followed.

The company has a very high turnover among its higher executives because of Wellington's changing whims. Repeatedly employees have been discharged without any compensation for their employment. Despite large gifts in the form of a stadium, swimming pool, and library, the people of this town heartily dislike the company, principally because of the shabby treatment it accords its employees. This is not their attitude towards the Steel Machinery Company, which also has a large plant in the same city.

M. N. Northey holds the title of personnel manager. He is in charge of all personnel, both sales and production. You will recall him as the Liddick agent who has come to the Business School. With good reason, Northey is very un-

popular with all but two of the higher officials, but he has managed to establish himself in H. S. Wellington's confidence.

My experience with the Liddick Company follows:

At the end of the Business School year in June, 1936, I was invited to visit the head office at the company's expense for additional interviews. I had first met Northey at the Business School in May, 1936. I was interviewed by H. S. Wellington and Randles, who proposed that I should join the company as a salesman, study their merchandising methods, and later be returned to the head office to work in merchandising. At that time Randles told me that I would first work in the plant from three to five months, learning the methods of processing the different foods. I told him that I would like several days to think over the proposition. Five days later I accepted the offer and reported for work on August 15.

On that date I returned to the head office, and, instead of being given work in the plant, I was immediately ordered into a field sales division. My headquarters were finally established, and I worked as a salesman calling on the retail grocery trade until October 9, 1936. On that date I received a telegram ordering me to report to Randles at the head office the next morning.

At the head office Randles told me that they were contemplating an addition to their purchasing department and were thinking of assigning some person to make a study of the principal commodities purchased by the Liddick Company, to analyze the prices and trends of prices, and to make recommendations to Randles and Fairing, the chief purchasing agent. Randles went into considerable detail as to how he wanted the job done. It appeared to me that the company had been doing its purchasing on a very haphazard basis. Randles told me that they wanted to make their purchasing more scientific and to coordinate their usage, storage, and purchasing. He also stated that they had reviewed my qualifications for the position and believed I was the man for the job.

My salary was to be raised $25 a month, making it $150, "to show our confidence in you," and I was reminded that promotions were always most rapid in the home office. Randles asked me if I felt myself qualified to take on this job, and he stated that he thought I could handle it. He made it plain that he did not expect any tangible results for five or six months, because he realized the large amount of research and preliminary work I would have to do before producing worth-while information.

I told him that I would like to study the notes taken during our conversation and to consider the matter for one day. Randles agreed, and the next morning I accepted the position. I was introduced to S. R. Fairing, chief purchasing agent and he repeated what Randles had told me about the requirements for the job. At this moment I have before me the original notes taken during my two conversations with Randles and Fairing.

My first step after being assigned to a desk in the middle of the stenographic department, since the offices were intolerably crowded, was to find out what information the company was receiving at the time on the commodities which it bought. I also asked for any past files of similar information. After considerable search I unearthed a small file on rice which had been left by the former rice buyer and head of the purchasing department, who was dismissed

August 10, 1936. I next interviewed Fairing as to his sources of information, and was amazed to find that he depended solely upon brokers' advice, the *Chicago Tribune,* and the *Chicago Journal of Commerce.* The company received no government reports of any nature. The purchasing library consisted of several books and catalogues on machinery purchases.

The purchasing department included Fairing, chief purchasing agent, who bought grains and coal and supervised all purchases; F. E. Dewick, who bought paper and advertising material; D. C. Croft, who was responsible for the purchase of machinery, oils, and greases; and P. O. Berry, who purchased office supplies and miscellaneous items. The purchase of commodities other than the foregoing was split up among Fairing, Dewick, and Croft. This was the entire personnel of the purchasing department, and they performed the complete purchasing function as best they could.

In seeking material covering the commodities purchased, I immediately began correspondence with the Department of Agriculture, various State agricultural departments, trade associations, the Chicago Board of Trade, and various other institutions. For each of the principal items purchased, I set up Commodity Files under the following headings: "Basic," "Current," "Statistical," and "Correspondence." As the material came in, other files were, of course, necessary. My object was to be able to report on any commodity on very short notice, both as to the probable course of prices and as to what the Liddick policy was in regard to purchasing that commodity.

During this time I read and studied the general and specific factors affecting grain prices, as well as their day-to-day changes, and at the same time reviewed sources, acreages, yields, and so forth. I was also compiling past usage figures of various commodities and setting up seasonal indices of the usage for each.

My first instructions from Fairing were to begin work on rice. He stated that he knew practically nothing about the rice industry or the factors affecting prices and that I should concentrate upon that commodity and make out as complete a report on rice as I could. I immediately went into correspondence with various rice millers and their trade association and with several rice specialists in the Department of Agriculture. These men were very helpful in my compilation of some of the material. It so happened that a complete and up-to-date work on the rice industry was lacking, and I was forced to compile all the material without the guidance of past experience.

While this material was coming in and being assembled, I was also setting up a commodities library and attempting to broaden my own knowledge of the commodities purchased. I was assisted in this work by the kind help of some of my former professors. Furthermore, I induced Fairing to join the National Association of Purchasing Agents, so that the Liddick Company might receive the benefit of that Association's work. I may add that I had to use considerable persuasion to accomplish this result.

About two weeks after taking my new position I discovered, so far as Fairing was concerned, that I was dealing with a man who did not understand what I was talking about at least half the time. To my amazement he was completely ignorant of the commonest statistical terms, and it was necessary for me to phrase

my reports to him very carefully so that he could understand them at all. On one occasion he told me he hoped that I would be able to attend the National Agricultural Show in Omaha and find out from the people their expectations on the price of corn. He told me that two years before he had made a careful analysis of the corn market, and thought that he had included all the factors affecting the price of corn for the following season. This analysis had led him to become bearish on corn, and he had decided to buy very lightly for the next season and only as needed. At the Agricultural Show someone had told him that corn would be higher because of the large number of pigs that would soon be ready for fattening. Fairing told me that if he had not gone to the Agricultural Show and talked with these people, he would have completely forgotten to include the corn-hog ratio in his estimate of the future price of corn. As a result of this astounding information received at the show, he changed his buying policy and bought heavily of corn, with the result that he effected a great saving for the Liddick Company. I have stated the foregoing example to give you an idea of Fairing's ability as chief purchasing agent and corn buyer.

From the time I took the job until my dismissal, I was given no indication that my work was in any way unsatisfactory, except on two occasions. Both of these arose when I was warned by Fairing that I was giving the stenographic department too much work. He stated that I was writing so many letters that the department ought to hire another stenographer, but their budget would not permit it. As it was, I had to be content with receiving letters for my signature four and five days after I had dictated them into an Ediphone. I was forced to tell him that I could not write all my own letters even though I was working at the office several hours each night after the regular hours in order to hurry my work along. The second time that Fairing warned me about too much work being given to the stenographers, he told me that I should not have written individual letters to my Business School professors but that I should have written *one* letter instead, to one of them, and merely mentioned the others in the letter.

There was so much to be done and I was so anxious to get my department under way as soon as possible that each afternoon I dictated from 10 to 15 letters, besides reports and memoranda. Through November and December I continued to assemble and complete the rice report, which included statistical studies of prices, yields, crops, and a comprehensive analysis of the factors affecting prices, together with a general routine for buying and handling the rice on the most economical basis. I was also keeping posted on the prices of all commodities bought by the company and reporting to Fairing on them.

Because of my wife's illness, I was unable to report for work the first day after the Christmas holidays, December 27. On December 28 I returned to work and was called into Fairing's office. He bluntly informed me, "There is no more statistical department." He told me that the company had decided that my work was not so important to the company as having an experienced grain buyer, who could keep posted personally on corn and wheat and act directly on his own authority, thereby lessening Fairing's work. Fairing then advised me to see Mr. Northey about work in the sales department. Before accepting that suggestion, I asked him if my work had been unsatisfactory in any way, or if I had failed to do the job as outlined by Mr. Randles and himself. He assured me that I had

done just as I had been told and that my dismissal was only because the budget of the purchasing department would not permit my retention. He told me that he was sorry this was the case, but he was forced to take the step. I then asked him if Mr. Northey was in his office. He said that he was out of town. This information sounded strange because a moment before he had told me to go up and see him. I then told him that I would try to clear out my desk at noon, and left the office.

It is worth while to mention here that Randles was also away from his office, in New York, and he returned for one day, then left for the South for a six weeks' stay. Of course I was unable to talk to him. H. S. Wellington was also in the South.

The doctor's visit to my wife delayed my return to the office until about 2:00 P.M. I then went to Fairing's office and asked him if anybody knew of my dismissal. He answered plainly, "No." I then asked him if I could work on at the office until the end of the week, finishing up the last section of the rice report and also outlining the procedure to be followed in handling the material coming each day from my various sources of information. Fairing became very angry at this request and declared, "No, I have already told the people in the department; it would be embarrassing, and I just don't want you around here." He made this last statement with considerable vehemence. I asked him if I could have a letter from him saying that my dismissal from the company was due not to unsatisfactory work but to the changed requirements of the purchasing department. He readily agreed to write such a letter and promised me that I would receive it in a day or so. I then waited until the office closed, cleared my desk, and left. I had been given two weeks' salary in lieu of notice. These events occurred on Wednesday, December 28.

On Friday, December 30, I received a copy of a form mailed to the State Unemployment Commission, signed by the office manager, and giving the reason for my dismissal as "Work Unsatisfactory." I immediately telephoned Fairing and asked him why I had received such a paper, when he had previously informed me otherwise. He appeared surprised that I had received it and said that it was a mistake and that he would go right in to see the office manager to correct the error, and would call me back immediately. Fairing did not call me back.

On Tuesday, January 3, I called Fairing and stated that I had not yet received his letter and was anxiously awaiting it. He explained that he had not had time to dictate the letter, but was doing so that afternoon. Inasmuch as I did not receive any letter the next day, I went down to his office at the plant. In a few minutes he came in and asked what I wanted. I told him I wanted the letter he had promised me and wondered if it had been mailed. He said that I had not received the letter because he had not even dictated it, nor would I receive it until it had been passed by the management. I asked him why he had said my work had been satisfactory and then repudiated his statement. I also asked him why he had not called me back as he had promised to do. He made no reply to these questions. I asked him in what particulars my work had been unsatisfactory. He said that I had "caused trouble in the office" and that my work had

been "inaccurate." I asked him if causing trouble in the office meant giving the stenographers so much typing. He said yes. I asked him how or when my work had been inaccurate. He could not name a single instance.

Continuing the conversation, I asked him if my rice reports had been correct. He merely grunted. Thereupon I told him if he had bought rice at my suggestion, the company would have saved more than $10,000 on its 1937 requirements. Fairing then stated, "Some people around here say that you *cost* the Liddick Company $10,000." I asked him why this charge had been made. He replied that the fact I had written letters to the rice millers and association seeking information on the rice market in general had caused the millers to become alarmed, with the result that they raised the price of rice, believing that the Liddick Company was in the market. I could only laugh at this accusation, because the Liddick Company buys less than 1% of the total United States production. Fairing's statement was so ridiculous in itself that it was not worthy of refutation. I reminded him that these letters which he claimed had upset the market in rice had gone across his desk and he had read all of them before they were mailed. He did not deny this fact. Before leaving his office, I told him I would await the promised letter clearing my record.

The next day I telephoned Northey at his office and told him about the letter Fairing had promised me and asked him to see that I received it. He told me that he would call me back in a few minutes. In half an hour, he telephoned to say that the letter could not be written, but that if I wanted employment anywhere else, I could ask my prospective employer to write him (Northey) for information about me. I then requested a letter from Northey stating that I could use his name as a reference. He replied that it would not be necessary since I had his "word." I asked him if the Liddick Company had not made a mistake in its survey of what my assignment was to be since in a short time the officials had discovered that an experienced grain buyer was more urgently needed than I was. He replied, "Oh no. Our mistake was in hiring you at all." Evidently before Northey had called me back Fairing had given him a great deal of information concerning me.

I insisted that he justify what he had said, and was finally able to make an appointment to see him the next week. He told me then that he would give me some of the reasons for my dismissal but that he did not have time for argument over them.

One reason was that I was disliked by the workers in the department. This accusation was so far-fetched it was laughable. Everyone there was my friend, and they had all shown their friendship in many ways, by invitations for fishing and hunting trips, visits to their homes, and an expensive wedding gift from the office force when I was married. Another reason was that I had been "indiscreet." Simply that, no explanation of my indiscretion. Northey also mentioned a report that I had not been courteous to the grocery trade when I called on members. He was a little late with that criticism it would appear, because I had not been on the road for nearly three months. The last reason had as little basis as the first.

Northey then terminated the interview. Before I left, he stated that he would be glad to write my father and tell him the reasons for my dismissal. He has not yet replied to my father's letter of January 14.

That is a complete statement of my case. I have not abbreviated it in any way, because I want you to have the entire picture.

I would greatly appreciate your corresponding with the Liddick Company and inquiring as to the reasons for my dismissal. Personally, I do not believe that the real reasons have as yet appeared.

Naturally, I have had plenty of time to do lots of "mental back-tracking" and to review the whole matter. I should like to say at this time that there is nothing I did that I would not do over again. I personally feel that I did the job assigned to me as well as it was humanly possible to do it, under the circumstances.

I have formed an opinion as to the cause of my dismissal, and this is it. Either Fairing, finally realizing that my rice reports were correct and that he could not buy rice as cheaply as he had expected, decided to get rid of me as quickly as he could before I had a chance to say, "I told you so"; or Wellington, having decided that he did not need a statistical department, gave orders for my dismissal. The latter theory has its basis in the fact that F. E. Dewick, a member of the purchasing department, said to me just as I left the office on my last day of work, "You know, old man Wellington never was sold on the idea of your coming here for this job, and neither was Fairing. It was Randles that got you here, but he didn't keep Wellington sold on the idea, and Fairing was squawking about you all the time, saying he wanted a corn and wheat buyer instead."

That's the whole story, and I give you my word of honor every word of it is the truth. I am prepared to defend everything I have said, and I am not ashamed of anything I have done.

With kind regards, I am

Sincerely yours,

C. A. VANCE

QUESTIONS

1. What do you make of the fact that Randles worked previously for the Liddick Company "as an efficiency expert hired by Wellington"? What do you think of Randles' refusal "to delegate any responsibility in the running of the company"?
2. On the basis of the facts in the case, what do you think were the probable relations between Wellington, Randles, Northey, and Fairing? Do you think these relations had anything to do with Vance's experience with the company?
3. Vance wrote that he "was amazed" at the sources of information used by Fairing; he also reported that Fairing did not understand what he (Vance) was talking about "at least half of the time"; and that to his "amazement" Fairing was "completely ignorant of the commonest statistical terms." What do these statements reveal to you about (*a*) Fairing and (*b*) Vance?

4. What do you think of Vance's reaction to Fairing's opinion that it was useful to attend the National Agricultural Show in Omaha?
5. What do you make of the fact that Fairing warned Vance twice about "giving the stenographic department too much work"?
6. What, if anything, is the significance of the fact that Vance had nearly completed his report on rice by the end of December, although Randles had "made it plain that he did not expect any tangible results for five or six months"?
7. Vance wrote, "I do not believe that the real reasons [for dismissal] have as yet appeared." What do you think the "real reasons" might have been?
8. What mistakes do you think Vance, by his own account, made while working for the Liddick Company?
9. What do you think of his attitude toward the people in the case?
10. Vance wrote that he had told "the whole story" and that every word of it was "the truth." To what extent do you agree with Vance?
11. On the basis of the information given by Vance, would you have given Vance a job in February, 1937? Would you have accepted employment in the Liddick Company at that time?

From "THE CHURCH AND THE DISORDER OF SOCIETY"*

I. THE DISORDER OF SOCIETY

The world today is experiencing a social crisis of unparalleled proportions. The deepest root of that disorder is the refusal of men to see and admit that their responsibility to God stands over and above their loyalty to any earthly community and their obedience to any worldly power. Our modern society, in which religious tradition and family life have been weakened, and which is for the most part secular in its outlook, underestimates both the depth of evil in human nature and the full height of freedom and dignity in the children of God.

. . . . . .

Two chief factors contribute to the crisis of our age. One of these is the vast concentrations of power—which are under capitalism mainly economic and under communism both economic and political. In such conditions, social evil is manifest on the largest scale not only in the greed, pride, and cruelty of persons and groups; but also in the momentum or inertia of huge organizations of men, which diminish their ability to act as moral and accountable beings. To find ways of realizing personal responsibility for collective action in the large aggregations of power in modern society is a task which has not yet been undertaken seriously.

The second factor is that society, as a whole dominated as it is by technics, is likewise more controlled by a momentum of its own than in previous periods. While it enables men the better to use nature, it has the possibilities of destruction, both through war and through the undermining of the natural foundations of society in family, neighbourhood and craft. It has collected men into great industrial cities and has deprived many societies of those forms of association in which men can grow most fully as persons. It has accentuated the tendency in men to waste God's gift to them in the soil and in other natural resources.

* Excerpt from *Findings and Decisions, First Assembly of the World Council of Churches, Amsterdam, Holland, August 22–September 4, 1948*, Section III (World Council of Churches, Geneva, Switzerland; London, England; New York, N.Y., U.S.A.). ("The report of Section III was received by the Assembly and commended to the Churches for their serious consideration and appropriate action.")

On the other hand, technical developments have relieved men and women of much drudgery and poverty, and are still capable of doing more. There is a limit to what they can do in this direction. Large parts of the world, however, are far from that limit. Justice demands that the inhabitants of Asia and Africa, for instance, should have benefits of more machine production. They may learn to avoid the mechanization of life and the other dangers of an unbalanced economy which impair the social health of the older industrial peoples. Technical progress also provides channels of communication and interdependence which can be aids to fellowship, though closer contact may also produce friction.

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II. ECONOMIC AND POLITICAL ORGANIZATION

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On the one hand we must vindicate the supremacy of persons over purely technical considerations by subordinating all economic processes and cherished rights to the needs of the community as a whole. On the other hand, we must preserve the possibility of a satisfying life for "little men in big societies." We must prevent abuse of authority and keep open as wide a sphere as possible in which men can have direct and responsible relations with each other as persons.

. . . . . .

III. THE RESPONSIBLE SOCIETY

Man is created and called to be a free being, responsible to God and his neighbour. Any tendencies in State and society depriving man of the possibility of acting responsibly are a denial of God's intention for man and His work of salvation. A responsible society is one where freedom is the freedom of men who acknowledge responsibility to justice and public order, and where those who hold political authority or economic power are responsible for its exercise to God and the people whose welfare is affected by it.

Man must never be made a mere means for political or economic ends. Man is not made for the State but the State for man. Man is not made for production, but production for man. For a society to be responsible under modern conditions it is required that the people have freedom to control, to criticize and to change their governments, that power be made responsible by law and tradition, and be distributed as widely as possible through the whole community. It is required that

economic justice and provision of equality of opportunity be established for all the members of society.

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IV. COMMUNISM AND CAPITALISM

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The points of conflict between Christianity and the atheistic Marxian communism of our day are as follows: (1) the communist promise of what amounts to a complete redemption of man in history; (2) the belief that a particular class by virtue of its role as the bearer of a new order is free from the sins and ambiguities that Christians believe to be characteristic of all human existence; (3) the materialistic and deterministic teachings, however they may be qualified, that are incompatible with belief in God and with the Christian view of man as a person, made in God's image and responsible to Him; (4) the ruthless methods of communists in dealing with their opponents; (5) the demand of the party on its members for an exclusive and unqualified loyalty which belongs only to God, and the coercive policies of communist dictatorship in controlling every aspect of life.

The Church should seek to resist the extension of any system, that not only includes oppressive elements but fails to provide any means by which the victims of oppression may criticize or act to correct it. It is a part of the mission of the Church to raise its voice of protest wherever men are the victims of terror, wherever they are denied such fundamental human rights as the right to be secure against arbitrary arrest, and wherever governments use torture and cruel punishments to intimidate the consciences of men.

The Church should make clear that there are conflicts between Christianity and capitalism. The developments of capitalism vary from country to country and often the exploitation of the workers that was characteristic of early capitalism has been corrected in considerable measure by the influence of trade unions, social legislation and responsible management. But (1) capitalism tends to subordinate what should be the primary task of any economy—the meeting of human needs—to the economic advantages of those who have most power over its institutions. (2) It tends to produce serious inequalities. (3) It has developed a practical form of materialism in western nations in spite of their Christian background, for it has placed the greatest emphasis upon success in making money. (4) It has also kept the people of capitalist countries subject to a kind of fate which has taken the form of such social catastrophes as mass unemployment.

From the Encyclical "THE CONDITION OF LABOR"*

by

POPE LEO XIII

EMPLOYER AND EMPLOYEE

15. The great mistake that is made in the matter now under consideration, is to possess oneself of the idea that class is naturally hostile to class; that rich and poor are intended by nature to live at war with one another. So irrational and so false is this view, that the exact contrary is the truth. Just as the symmetry of the human body is the result of the disposition of the members of the body, so in a State it is ordained by nature that these two classes should exist in harmony and agreement, and should, as it were, fit into one another, so as to maintain the equilibrium of the body politic. Each requires the other; capital cannot do without labor, nor labor without capital. Mutual agreement results in pleasantness and good order; perpetual conflict necessarily produces confusion and outrage. Now, in preventing such strife as this, and in making it impossible, the efficacy of Christianity is marvelous and manifold.

16. First of all, there is nothing more powerful than Religion (of which the Church is the interpreter and guardian) in drawing rich and poor together, by reminding each class of its duties to the other, and especially of the duties of justice. Thus Religion teaches the laboring man and the workman to carry out honestly and well all equitable agreements freely made, never to injure capital, nor to outrage the person of an employer; never to employ violence in representing his own cause, nor to engage in riot and disorder; and to have nothing to do with men of evil principles, who work upon the people with artful promises, and raise foolish hopes which usually end in disaster and in repentance when too late. Religion teaches the rich man and the employer that their work people are not their slaves; that they must respect in every man his dignity as a man and as a Christian; that labor is nothing to be ashamed

* Excerpts from the Encyclical of His Holiness Pope Leo XIII on "The Condition of Labor," quoted by permission of James F. Cunningham, C.S.P., Superior General, Paulist Fathers, from *Five Great Encyclicals* (New York: The Paulist Press, 1939), pp. 8–10.

of, if we listen to right reason and to Christian philosophy, but is an honorable employment, enabling a man to sustain his life in an upright and creditable way; and that it is shameful and inhuman to treat men like chattels to make money by, or to look upon them merely as so much muscle or physical power. Thus, again, Religion teaches that, as among the workmen's concerns are Religion herself, and things spiritual and mental, the employer is bound to see that he has time for the duties of piety; that he be not exposed to corrupting influences and dangerous occasions; and that he be not led away to neglect his home and family or to squander his wages. Then, again, the employer must never tax his work-people beyond their strength, nor employ them in work unsuited to their sex or age.

17. His great and principal obligation is to give to every one that which is just. Doubtless before we can decide whether wages are adequate many things have to be considered; but rich men and masters should remember this—that to exercise pressure for the sake of gain, upon the indigent and destitute, and to make one's profit out of the need of another, is condemned by all laws, human and divine. To defraud any one of wages that are his due is a crime which cries to the avenging anger of Heaven. "Behold, the hire of the laborers . . . which by fraud has been kept back by you, crieth; and the cry of them hath entered the ears of the Lord of Sabaoth."[1] Finally, the rich must religiously refrain from cutting down the workman's earnings, either by force, fraud, or by usurious dealing; and with the more reason because the poor man is weak and unprotected, and because his slender means should be sacred in proportion to their scantiness.

Were these precepts carefully obeyed and followed would not strife die out and cease?

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[1] St. James, verse 4.

RIPTON COMPANY*

The Ripton Company[1] manufactured a variety of products which it distributed through a nation-wide organization of wholesale and retail stores. The distribution organization maintained by the company divided the United States into four zones, which were each in turn divided into three districts. In each district there were numerous retail stores and one or more wholesale offices, depending on the size of the market in that region.

The District Organization

Each district was under the supervision of a district manager, who reported to a zone manager. Each zone manager reported to the general office of the company, which was located in a large eastern city. The district office supervised by the district manager was responsible for keeping warehouse records, accounting records and sales records for all retail stores in its district. Sales analyses and monthly profit and loss statements for each retail store were also prepared for the general office by the district office. The office workers in the district office were supervised by an office manager, who reported directly to the district manager.

At least once a year and sometimes twice a year the records and personnel of each district office were evaluated by the auditor from the general office. The auditor reviewed the work of each employee and recommended the replacement of any workers he considered unsatisfactory in terms of his knowledge of worker performances in other districts. These recommendations were not binding on the district manager if he did not agree with the auditor's estimate of the worker in question, and providing he could convince his zone manager that the particular worker should be retained.

The general office had also worked out for each district office a ratio of operating expense to sales which served as a guide in determining how the district office force should vary from time to time. This ratio, expressed as a percentage of expense to sales, indicated the amount which a particular district could afford to spend for office operation. This

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[1] All names have been disguised.

percentage was converted into the number of people allowed by multiplying the percentage times the budgeted sales forecast for the year and then dividing the result by the average salary of the office workers.

This percentage for office expenses was followed closely by the general office. If, as the year advanced, actual expenses were in excess of the percentage, strong pressure was brought to bear on the district manager and office manager to release enough employees to get their office expense-to-sales ratio in line with the standard percentage.

If the district sales were within the range predicted in the budgeted sales forecast made by the general office, the allowance for office expenses was usually sufficient to take care of the needs for handling the amount of work involved at that level of activity. If, however, the district experienced poor business conditions and a sharp drop in sales, the allowance for office expenses was not always sufficient to pay the number of employees needed, in the opinion of district executives, to handle the work.

The Situation in District Six

In district six, located in the South, the district office supervised the activities of 12 stores and retained approximately 25 office workers to handle the normal volume of work. This number of workers fluctuated from time to time, depending on the changes in volume of sales of the retail stores and in general business conditions as reflected by the percentage of office expense to sales.

The office manager of the district office was solely responsible for getting out the work and was given freedom in hiring and releasing workers in that office, subject to the general requirements of the company as to educational and general experience considered necessary for various jobs.

In the opinion of the office manager, management relationships with the office workers—about half the number were girls and half were men—were excellent. This office had been re-established only a year ago and the office manager had personally hired all his workers. He had worked with them in getting organized, and trained them, and had helped them to get adjusted to the work. He took time off to talk to them every day and at regular intervals stopped at their desks to go over their work with them. If they had any personal problems, he tried to make it easy for them to discuss these problems with him. Each employee took pride in his work and got along well with the others. Besides, wages were extremely low in this city, and in every case this

district office paid more than the going rate in the community, in order to secure the best type of worker and to keep the workers satisfied.

One autumn the sales in district six were considerably below previous estimates, and the percentage of office expense to sales was consequently out of line with the standard percentage. In response to pressure from the zone manager to reduce office expenses, the office manager released two general clerical workers.

The Handling of Mary

After releasing these workers, he found that he was unable to get along, with the result that he decided to hire a girl on a temporary basis to help out with general typing and correspondence with stores concerning errors and other routine matters. One of the applicants, Mary, had an impressive background as listed on her application, which also stated that she was married. She was interviewed and told that she would be tried as a general clerical worker and Ediphone operator. The office manager emphasized to her that the work was to be only of a temporary nature because (1) the company did not hire married women for permanent employee status, and (2) the office needed assistance only through the prevailing emergency period. Mary agreed to this and went immediately to work.

Mary's work was satisfactory, and while it had been intended to keep her only four weeks, the volume of work continued to be heavy, so that she was kept on six months. During this period she was paid on a weekly basis, which was also explained to her by the office manager as the method for paying temporary employees. Permanent employees were paid semimonthly.

About two weeks after Mary was taken on, it was necessary to get a replacement for the bookkeeping machine operator who was moving out of the city. This position was permanent and was filled by a girl operator obtained from one of the local department stores which used the same type of bookkeeping machine equipment. This bookkeeping machine work required a great deal of skill and a worker of high caliber was necessary to handle it satisfactorily. Typing skill was not enough. The only operators who could meet the requirements were those who had had several years' previous experience.

Six months after Mary came to work in the district office the volume of work changed to the point where her services were no longer needed. The office manager called her to his office and informed her that the

office work was now on a current basis and could be carried by the permanent staff. He told her that her work had been of excellent quality, that he had enjoyed having her in the office, and that he knew her relationships with the other workers had been congenial. He further explained that he was giving her two weeks' advance notice so that she could look around for other employment while still working; that he was planning to give her two weeks' advance pay, although company policy did not require either advance notice or advance pay when temporary employees were released. Finally, he told her that, because she had done so well in her job and had fitted into the organization so well, he would certainly get in touch with her when he had extra work in the future.

Mary seemed to take the notice calmly and without comment. In the next few days, however, the office manager observed that Mary was doing considerable talking with the other workers during office hours and avoided him in the daily routine of work. The office manager asked his assistant to keep his ears open and learn whether anything was wrong. His assistant reported that Mary was talking to the girls and men in the office about the "raw deal" she was getting and that she maintained that she was entitled to tenure over the bookkeeping machine operator who had come in after she had. According to the assistant, Mary was telling the office workers that she was not going to leave, that she was going over the office manager and the district manager to the zone manager. She said she was confident that she would stay on, once she had talked with the zone manager.

At the time the office manager got this information there were only two days more for Mary to work. While it was obvious to the office manager that Mary was taking a poor attitude and was upsetting the girls and men in his office, he decided to pay no attention to the situation on the assumption that she would either come in and talk things over with him or voluntarily change her attitude.

The next day the credit manager from the general office visited the district office to go over the records of the district credit supervisor. Mary, without knowing the credit manager from the general office or having previous association with him, took him aside during the lunch period and told him about the "harsh" treatment she was receiving from the office manager. She also told the district manager the same story.

The district manager told her he would look into the situation and later called in the office manager, who went over the circumstances with him. The district manager agreed that the course of action taken by the

office manager had been necessary, but that a mistake perhaps had been made in not releasing Mary immediately without two weeks' notice.

On the following day the district manager and the office manager together went over the situation in detail with Mary. They explained to her again how she had been hired on a temporary basis; why it was not possible to give her the bookkeeping job. It was pointed out that only one out of every four experienced bookkeeping operators interviewed could qualify for the work in this office. Finally, they told Mary that, if she would let them work the situation out in their own way, they could probably give her considerable work during the ensuing year. They emphasized again that her record had been very good.

Mary insisted that she had been treated unfairly because the bookkeeping operator had come to work after she had. After one hour's discussion, during which the district manager and office manager had made no progress in changing Mary's attitude, they told her their decision to release her would have to stand. She left the office with the threat that she would write the general office and have the office manager fired.

Mary then wrote letters to the wife of the founder of the company and to the zone manager, giving a black picture of the way she had been treated.

The situation was investigated by a representative of the general office. He talked with the zone manager, the district manager, the office manager, Mary, and several other office workers in district six. In talking to Mary, he learned that she had a husband who was not working and who had been unemployed for almost a year. There was one small child in the family, and Mary was the sole support of the family when she was able to find work.

The representative from the general office upheld the decision of the office manager in releasing Mary but told the district manager that perhaps Mary should have been released without two weeks' advance notice.

QUESTIONS

1. What do you think of the company's procedure whereby an auditor from the general office reviewed the work of employees of local offices and recommended replacement of those he thought were unsatisfactory? What kinds of factors do you suppose this auditor would take into account in evaluating workers? Are there any considerations bearing on the usefulness of an employee which he might not take into account? If so, what? For what reasons, do you suppose, did the company follow this procedure? What do you think of those reasons?

2. What do you think of the procedure whereby the company determined how the district office forces should expand and contract? What assumptions underlie the notion that the office forces in the districts could and should be expanded and contracted in proportion to changes in local sales volume? What do you think of these assumptions?
3. Why did the office manager take time off every day, and at regular intervals, to talk to the people in the office? How, do you suppose, did he go about trying to "make it easy" for the people to discuss their personal problems with him? Why did he not find out that Mary was the sole support of her family?
4. Why did Mary take a job which the office manager said was temporary? Was her need for a job a temporary one?
5. Why did the office manager give Mary two weeks' notice of her impending discharge and tell her he was planning to give her two weeks' advance pay at the time of her discharge?
6. Why did Mary think she was getting a "raw deal"? In what way was this a "poor attitude" for her to assume?
7. Why, in spite of the reasons they advanced during an hour's talk, did not the office manager and the district manager succeed in changing Mary's attitude? Why didn't Mary succeed in changing their attitude?
8. What consideration, if any, should the representative from the general office of the company have given to the fact that Mary was the sole support of her family? What consideration *did* he give to this fact? Why?
9. Do you think that the Ripton Company had any responsibility as regards the situation of Mary and her family? If so, at what point did this responsibility arise? Why did Mary seem to think the company had some responsibility which it was not meeting?
10. On the basis of what reasoning did the district manager and the representative of the general office reach the conclusion that Mary should have been discharged without notice? What do you think of this reasoning?

From "THE INTERVIEW PROGRAM"*

by

ELTON MAYO

[During a series of experiments with workers under controlled conditions, at the Hawthorne plant of the Western Electric Company, management executives were puzzled to discover that the workers in the control group continued to produce at a high rate even though the special experimental conditions were eliminated. That is, the workers supposedly reverted to "normal" conditions for the plant, but they were producing substantially more units than workers engaged on similar tasks in other parts of the factory.] Officers of the company determined to "take another look" at departments outside the test room—this, with the idea that something quite important was there to be observed, something to which the experiment should have made them alert. So the interview program was introduced.

It was speedily discovered that the question-and-answer type of interview was useless in the situation. Workers wished to talk, and to talk freely under the seal of professional confidence (which was never abused) to someone who seemed representative of the company or who seemed, by his very attitude, to carry authority. The experience itself was unusual; there are few people in this world who have had the experience of finding someone intelligent, attentive, and eager to listen without interruption to all that he or she has to say. But to arrive at this point it became necessary to train interviewers how to listen, how to avoid interruption or the giving of advice, how generally to avoid anything that might put an end to free expression in an individual instance. Some approximate rules to guide the interviewer in his work were therefore set down. These were, more or less, as follows:[1]

1. Give your whole attention to the person interviewed, and make it evident that you are doing so.

* *The Social Problems of an Industrial Civilization* (Boston: Division of Research, Graduate School of Business Administration, 1945), pp. 73–74. Reproduced by permission of the President and Fellows of Harvard College.

[1] For a full discussion of this type of interview see F. J. Roethlisberger and William J. Dickson, *Management and the Worker*, chap. xiii. For a more summary and perhaps less technical discussion see George C. Homans, *Fatigue of Workers* (New York: Reinhold Pub. Corp., 1941).

2. Listen—don't talk.
3. Never argue; never give advice.
4. Listen to:
   (*a*) What he wants to say.
   (*b*) What he does not want to say.
   (*c*) What he cannot say without help.
5. As you listen, plot out tentatively and for subsequent correction the pattern (personal) that is being set before you. To test this, from time to time summarize what has been said and present for comment (e.g., "Is this what you are telling me?"). Always do this with the greatest caution, that is, clarify but do not add or twist.
6. Remember that everything said must be considered a personal confidence and not, divulged to anyone. (This does not prevent discussion of a situation between professional colleagues. Nor does it prevent some form of public report when due precaution has been taken.)

It must not be thought that this type of interviewing is easily learned. It is true that some persons, men and women alike, have a natural flair for the work, but, even with them, there tends to be an early period of discouragement, a feeling of futility, through which the experience and coaching of a senior interviewer must carry them. The important rules in the interview (important, that is, for the development of high skill) are two. First, Rule 4 that indicates the need to help the individual interviewed to articulate expression of an idea or attitude that he has not before expressed; and second, Rule 5 which indicates the need from time to time to summarize what has been said and to present it for comment. Once equipped to do this effectively, interviewers develop very considerable skill. But, let me say again, this skill is not easily acquired. It demands of the interviewer a real capacity to follow the contours of another person's thinking, to understand the meaning for him of what he says.

BROOKMAY MACHINERY COMPANY*

A personnel counseling program had been in effect at the Brookmay Machinery Company[1] for several years when the following interview took place in the spring of 1943. The counselors had directions to listen to whatever the employees wanted to talk about and to help them clarify for themselves whatever was in their minds. Each counselor was assigned to cover one or more factory departments. He spent part of his time talking with employees while they worked and part in a separate office near his area in the factory where employees could talk to him privately.

INTERVIEWER: Well, hello, Joe. What's been going on?

EMPLOYEE: Oh h——; Bill, these G—— d—— bosses around here, they aren't worth a d——. They—you have a raise coming and they won't give it to you. They give other guys raises all around you, and they won't give you a raise. This G—— d—— place stinks. The sooner I can get out of here the better I'll feel.

INTERVIEWER: Well, gosh, Joe, this thing apparently has got you pretty much upset. What do you say we go upstairs and have a smoke and talk it over until quitting time?

EMPLOYEE: Oh h——, that won't do any good. If those guys can't give me a raise, you can't give me a raise. There's no use talking about it. H——, I might as well get out of here, take my tools, and quit. H——, you can't do me any good, Bill. I know you have always been fair with me, but this is something that I don't think you guys can handle.

INTERVIEWER: Well, Joe, maybe I can't do any good, but at least we can talk it over, couldn't we? H——, shut your machine down and let's go up and sit down and have a smoke for a little while.

EMPLOYEE: Well, O.K. I don't think it will do a d—— bit of good, but we will go up and have a chat. That G—— d—— foreman —he is an S.O.B. So you know what he told me?

INTERVIEWER: No, I don't. As a matter of fact, I don't know what it is all about, Joe.

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[1] All names have been disguised.

EMPLOYEE: Well, I'll tell you, Bill. I heard that some of the boys around here got a merit increase in their pay, so I simply went up asking for a raise, and he tells me that getting a raise around here is a matter of luck. Boy, that burns me up. I am working for the Brookmay Manufacturing Company. I'm working, I'm not gambling. If this G—— d—— thing is a gamble, I don't want any of it. I don't want to gamble. I can go downtown to those dives and gamble my money. I came here to work. I didn't come here to gamble. If it is all a matter of luck, I don't want any of it. I want to get a job where I can work and get ahead on my merit. Yeah, it seemed to me as if I had a reasonable squawk why I should get a raise. I simply asked the foreman for a raise and boy, he just flew all over me. A guy that talks like that to me, why I haven't any use for him. I won't work for him at all. I told him too that he wasn't the Brookmay Manufacturing Company, that he was only a representative of the Brookmay Manufacturing Company, and that I was working for the company and I wasn't working for him, but by G——, if I can't convince a man like that that I deserve a merit increase, why, how in the h—— am I ever going to get ahead? He tells me that I am at the top of Grade F and I can't get any higher; that's as far as I can go. Then I said, "What the h—— is the matter, I'm working on screw machines down there—that is Grade E—I have been working on them for some time now, and why don't I get the upgrading so I can get some more money?" Well, they tell me that those jobs down there are Grade F because we are only helpers on the screw machines, and there will be some time before we can be upgraded to a better position to get more money. I said, "What the h—— do you mean? Those other guys got raises and they are at the top of their grades and over the top of their grades, and I know d—— well they are." Well, there is one guy down there maybe that isn't at the top of his grade yet.

INTERVIEWER: You think there are some at the top of their grade and they still got a merit increase?

EMPLOYEE: Sure, I know that's what happened, and he is trying to give me the old bull that I can't get any more money on my day rate because I'm at the top of my grade. Well, my G——, Bill, at that rate I may be around here until the war is over and I still wouldn't get any raise no matter what I did if I'm at the top of my rate, and I can't get any more money. I can stay around here for 10 years and I still wouldn't make any more than I am doing now. Well, I can't afford to do that. This is wartime and you have to make the money while the making is good. You know that. Boy, he sure burned me up. He tells

me that if I think I'm due for a raise, I'm in the wrong place. Well, that sure is a h—— of a way to talk to a guy simply because I ask for a raise. He tells me I'm working in the wrong place. I know that my bonus production has been up to everyone else's down there; and I also know that these helpers get shoved around a lot, because when one machine breaks down or when one machine has to be cleaned up, they will send you over there to clean it up and do the dirty work while the machine setters they get all the gravy. And they also told me about the fact that I was learning the job. I was in training while I was down there, that he wasn't running a training school, that he was paying me while I was learning. Well, Bill, I never did care about working in that department, but I went in there because they told me that was the best they could do for me. I didn't like that machine work at all and never did do it, but now I come around to the point where I kind of like it, and I've been really working at it. When a guy talks to me like the foreman did, I can't work for him at all. I wouldn't work for the S.O.B. at all. He has no business talking to me like that whatsoever. Anybody around here, if they don't get a raise, the way I look at it, has got a right to go up to the boss and ask for a raise without catching h——. He says he is not running this training school and he can't afford to run a training school down there, and that he is paying me while I work, and that I'm getting two hundred dollars of education. Why h——, Bill, we don't learn anything. Those darn machine setters won't tell you anything. They won't explain anything, they shove you out of the way, they do everything they can to keep you from learning anything and it is a h—— of a hard racket. You know how those machine setters are, especially screw machine men, they won't tell you anything.

INTERVIEWER: I see. They seem to be pretty selfish about their knowledge of screw machines.

EMPLOYEE: Selfish isn't the right word. They are absolutely tight; they won't tell you anything. As a matter of fact, if you try to learn anything, they try to hide it from you. Take for example, when I got in there; I wanted to get some books on this subject. Now here is another case too when, if the foreman had been on the up and up, he could have gotten me some books on that stuff, so I could learn; but no, he sits you down there and leaves you cold. He never would make any attempt to get you to study. The only way I got my books was that another foreman that I used to work for came through our place one day, and he stopped me and he said, "Oh, so you are working on screw machines now." I said, "Yes," and I said, "I would like to have some books so I

could read up on this stuff." He said, "Well, come down and see me some day, and we will fix you up." So one day, I went down after work and I saw him and he fixed me up with some books and was really helpful. Well h——, this foreman that I'm working for, he never did that. One time he came down there, and he went over to the machine setter and he got a book. I didn't know where he got the book. He brought it over to me and told me I could use it, to take care of it, and to bring it back when I got through; so I took the book and put it in the desk drawer there. Pretty soon the machine setter comes over and says, "What the h—— did the foreman do with that book?" I told him, "Well, I put it in my drawer. I was going to take it home." The machine setter said, "Who in the h—— does the foreman think he is anyway? That book belongs to me. I'm not going to let you guys tear it up." Well, I said to this machine setter, "The book is over there in my drawer." Well, that night when I went to get it, the book was gone; so I went back and saw the machine setter and asked him if he took it. He said, "Yes, I took it." Well, I thought it was kind of a small thing to do, not to let me read the book. I told the assistant foreman about it and he thought it was pretty darn small too; but then the foreman, I don't know whether he heard about it or not, but he didn't offer to get us any other books. I had to get them myself. The other foreman I used to work for, he would give me all the information he could, and I'll tell you, Bill, I've been working hard in studying these machines and trying to do my best to get ahead on them so I could learn something. And then he comes around and tells me that if I want a raise, I'm working in the wrong place. How in the h—— can you get a raise around this place anyway? I used to think that if a guy works hard and does the right kind of work that he can get a raise; but boy, now you just get to the top of the grade and when you are there you can't get anywhere. Well, that may mean that I'll be making the same money that I'm making right now from now on. Well, I'm too young a guy to do anything like that. I've got to get out where I can make money, especially right now.

INTERVIEWER: Well, tell me, what is the top of Grade F?

EMPLOYEE: Top of Grade F is seventy-six cents an hour.

INTERVIEWER: I see you are making bonus in there.

EMPLOYEE: Yeah. Our standard is 30, and I think the department is doing 35.

INTERVIEWER: I see. That's about a dollar an hour that you make.

EMPLOYEE: Yeah, that's right, about a buck an hour, and there are plenty of guys down there making a whole lot more than that. I wouldn't care so much about a big raise. I would like to have a little raise. A three-cent raise would be all right with me because I haven't gotten a raise at all in about a year. Every time I've been transferred here lately—I've been transferred four times this last year—I've taken a cut. Not in base rate. I have always held my base rate, but I have taken a cut in bonus. You know, that certainly eats into your take-home. You know that. Base rate isn't important when you are working on piece rate. It is how much you take home and if every time you are transferred, you have to take a cut—well, you are just making less money all the time. That's another thing the foreman said to me, "Well, you got the advantages in the raises a year ago here." I said, "Yes, those were smear raises, those were raises that everybody got." They weren't for the work I was doing or what I merited. Everybody in the company got those. I don't see why I should be penalized for that. The way it looks now, it would have been better if I hadn't taken those smear raises and gone ahead on my merit raise. Anyway, most of them have been taken away anyhow due to my transferring around, taking a lower piece-rated job. Yeah, the foreman tells me that due to those smear raises I'm at the top of my grade, and he can't do anything for me. I know that just isn't so, because he has given other fellows down there raises that have been above their base rate. I don't think they deserved it a damn bit more than I do. Well, possibly yes, they have got a little more service and service is worth something—I know that.

INTERVIEWER: You see a value there?

EMPLOYEE: Yeah, it just makes me sick to give it up too, and to leave the Brookmay Manufacturing Company. Understand, Bill, I haven't got anything against the Brookmay Manufacturing Company—they have always, as a company, as a whole, been fine to me and I never in my life have had any argument with any boss wherever I worked. I always went along swell. I never had to ask the boss for a raise in my life. I always figured that if I did my work, they would see to it that I got my raises. Up until now that's the way it has worked, and when I come along with this guy, boy oh boy, I'm not going to work for a guy like that at all. He simply made me quit—that's all—because I wouldn't take that kind of stuff from anybody. You ask a guy for a raise and he comes out with all such silly talk as he came out with. Why, that is ridiculous!

INTERVIEWER: It's something you don't feel is worth living with and it's kind of got you all steamed up.

EMPLOYEE: (*At this time the whistle for the end of Joe's shift blew. Joe made a move to leave the room to go home.*) I kind of hate to leave it this way, but that's the way it is. When a guy has made up his mind, he has made up his mind. What the h—— can I do!

INTERVIEWER: You're wondering where to turn.

EMPLOYEE: There's no place to turn. I've got to get out of here. I was up to the Placement Office three or four times in the last year when I got transferred, but what the h—— can they do about it. Anyway, Bill, it is too late now. I already told that guy I was quitting. He has already made out my time. I told him to have my time ready at four o'clock. Well, I don't figure that there is much use in talking to anyone. I don't feel that I can possibly get out of it now. I don't see what anyone could do to fix it up.

INTERVIEWER: You feel as though you've definitely burned your bridge beyond repair.

EMPLOYEE: Well, the fact is I don't have any job lined up at all. That's the heck of it. I never thought about quitting Brookmay Manufacturing; and, Bill, I don't really want to quit, because I like it here. I always have liked it here. I have had a good job ever since I've been here, until this job. Well, this job isn't so bad. I like the job, but that department foreman, why that S.O.B., I wouldn't work for him at all.

INTERVIEWER: It's not so much the company as the individual that you feel you want to get away from.

EMPLOYEE: Well, I'm satisfied with my job all right. I like the job. There is nothing wrong with it at all. I would like to stay there, but I won't work for that foreman. If I could talk to the guys in Placement, maybe they could fix it so that I could work for someone else. The h—— of it is the S.O.B. probably won't let me go up there. Maybe he will tell me to get out. I wouldn't like to do that. I wouldn't like to ask him for any favors. (*Pause.*)

Even if he would let me go up, I wouldn't know what I should tell them anyway. I was all ready to quit. I hadn't thought about going up and talking it over with those guys at all. I don't know what to say to them whatsoever. I don't know how to handle them or anything. I haven't any idea what kind of a job I want or where I want to go or anything about it. As a matter of fact, the job I have is perfectly all right. Are they going to transfer me around just because I don't like my boss?

They'd probably tell me I'm crazy—that I lost my head. But then again, they might see it my way. My record's good and I've never squawked before.

INTERVIEWER: Your point is that they'd probably take a better look inasmuch as it's never happened before and. . . .

EMPLOYEE: (*Interrupts.*) Maybe I'll do that then. Maybe I will go up and talk to those fellows. Do you think I ought to talk to the foreman before I go up there?

INTERVIEWER: You're wondering if you should tell him first . . . .

EMPLOYEE: (*Interrupts.*) Well, I say that because he will know the right place to send me. He will know the right man in Placement for me to see.

INTERVIEWER: I see . . .

EMPLOYEE: (*Interrupts.*) D—— it, that's what I'm going to do. That might fix it all up. (*Pause.*)

Well, Bill, I certainly thank you a lot for doing this. Jeez, I thank you a thousand times. I didn't know that I saw the chance to get back in here at all. I thought that when I told the old man that I was through that I was through and that was the end of it, but—. One thing yet: if I don't get transferred out of there or get some other kind of a job or get some satisfaction, I'm still going to quit.

INTERVIEWER: You can still quit, but you believe you ought to take this chance here now before you do quit.

EMPLOYEE: Well, I don't see why not. I don't see what I have to lose. I might as well do that—tell these fellows how I feel about it. If I don't get a job, I can still quit. If I do get a transfer, well, I guess I'm about as good off as I was before I ever came into this department.

INTERVIEWER: You figure there's nothing to lose.

EMPLOYEE: O.K. then, I'll go down and talk to the foreman. I will have to change clothes, though, before I go up to the Placement Office. I don't want to go up there in these old greasy clothes.

INTERVIEWER: Freshen up a bit, eh?

EMPLOYEE: Are you going back down with me?

INTERVIEWER: Yes, I think I will go back down there.

EMPLOYEE: Oh well, h——, I'll tell the foreman myself what I want to do. I'll tell him I want to go up and see the Placement man; and if he gives me a pass up there, I'll go up and talk to him, that's what I'll do. Gee, Bill, thanks for talking to me—thanks a thousand times, thanks for everything. I feel pretty bad about this. I really do hate to

leave the company. As a matter of fact, it would break my heart if I had to leave here, because this is about the only place I have ever worked for any length of time and I really like the Brookmay Manufacturing Company. I don't have anything against it at all. Thanks a lot for what you have done.

INTERVIEWER: Not at all. I hope everything comes out all right, Joe. I'll see you tomorrow sometime and we can talk over what happened.

EMPLOYEE: Sure thing, come on down and see me in the morning, Bill, or sometime tomorrow. I'll let you know what went on—see how it came out.

INTERVIEWER: Sure, fine. Good luck then, Joe.

QUESTIONS

1. What, as you understand it, was the company's purpose in having a personnel counseling program? What do you think of the directions given to counselors?
2. In urging Joe to talk things over with him, what assumptions (if any), in your judgment, was the interviewer making about:
   a) The nature of Joe's troubles?
   b) His own relationship with Joe?
   c) Joe's relationship with the "bosses"?
   d) His own relationship with Joe's foreman?
   e) The usefulness of talking things over?
3. What purpose was served by the interviewer's comment, "You think there are some at the top of their grade and they still got a merit increase"?
4. Is there any significance in the fact that Joe's remarks became very brief after the interviewer asked, "What is the top of Grade F?"
5. What do you make of Joe's remarks which include the statement, "I would like to have a little raise"?
6. What do you make of Joe's statement, "Service is worth something—I know that"?
7. Why do you suppose the interviewer did not try to find out from Joe or some other source more details about Joe's pay status and what the foreman actually said to him?
8. Why, in your judgment, did the interviewer confine his remarks and questions to phrases which in effect were summaries or restatements of what Joe had just said to him? Why did he continue, so to speak, to let Joe "stew in his own juice," instead of trying to help him with some advice?
9. What is the significance, in your opinion, of the passage where Joe begins to wonder about the advisability of talking "to the guys in Placement"?

10. What specific changes, if any, have occurred in Joe's attitude, outlook, or frame of mind? At what points did these changes occur? Why?
11. How do you account for the fact that Joe decided to talk to his foreman before going to Placement? Has the interview accomplished anything besides giving Joe the opportunity of "blowing off steam"?
12. What do you make of Joe's expressions of gratitude to the interviewer at the end, terminating with the statement, "Thanks a lot for what you have done"? What *did* the interviewer do? Should the interviewer have done or said anything other than what he did?
13. Do you think that the interviewer "sold" Joe any ideas or "planted" any ideas in Joe's mind? If so, how and at what precise points?
14. Assuming that the interviewer grasped Joe's problem early in the interview, should he have outlined steps for Joe to take as a means of saving his own time and Joe's? What justification is there for devoting considerable time to interviewing of this sort? ("After all, Joe is drawing pay and not producing anything while the interview is in process.")
15. Could the foreman, or should he, have attempted to talk with Joe in the same fashion as the interviewer did? Why?
16. Assuming that the interviewer should conclude that there was, in fact, a genuine basis for Joe's complaint about compensation or about the foreman's behavior to Joe, should the interviewer take any action? If so, what, with whom, how, and why? If not, why not?
17. On the whole, what do you think of the way in which the interviewer conducted himself during this situation? Did he follow the directions given to counselors?

LETTER TO GENERAL JOSEPH HOOKER*

from

ABRAHAM LINCOLN

Executive Mansion,
Washington,
January 26, 1863

MAJOR GENERAL HOOKER:

GENERAL.

I have placed you at the head of the Army of the Potomac. Of course, I have done this upon what appear to me to be sufficient reasons. And yet I think it best for you to know that there are some things in regard to which, I am not quite satisfied with you. I believe you to be a brave and skillful soldier, which, of course, I like. I also believe you do not mix politics with your profession, in which you are right. You have confidence in yourself, which is a valuable, if not an indispensable quality. You are ambitious, which, within reasonable bounds, does good rather than harm. But I think that during Gen. Burnside's command of the Army, you have taken counsel of your ambition, and thwarted him as much as you could, in which you did a great wrong to the country, and to a most meritorious and honorable brother officer. I have heard, in such a way as to believe it, of your recently saying that both the Army and the Government needed a Dictator. Of course, it was not *for* this, but in spite of it, that I have given you the command. Only those generals who gain successes, can set up dictators. What I now ask of you is military success, and I will risk the dictatorship. The government will support you to the utmost of its ability, which is neither more nor less than it has done and will do for all commanders. I much fear that the spirit which you have aided to infuse into the Army, of criticizing their Commander, and withholding confidence from him, will now turn upon you. I shall assist you as far as I can, to put it down. Neither you, nor Napoleon, if he were alive again, could get any good out of an army, while such a spirit prevails in it.

And now, beware of rashness. Beware of rashness, but with energy, and sleepless vigilance, go forward, and give us victories.

Yours very truly,

A. LINCOLN

* The original letter is owned by Mr. Alfred Whital Stern of Chicago, Illinois.

SUSSEX OIL COMPANY*

The Sussex Oil Company[1] was a relatively small, rapidly growing regional distributor of gasoline, lubricating oils, and other petroleum products. Throughout several contiguous seaboard states the products distributed under the Sussex Company's own brand names had enjoyed increasing consumer acceptance. The company had built or purchased a number of gasoline stations to distribute its products. Growth had also been achieved through what the company regarded as advantageous contracts with bulk-station operators and independently owned chains of gasoline stations. The success of the company was generally attributed in part to technically competent buying, but more especially to unusual skill in negotiations with refiners, customers, and bankers, and to a continuing, dynamic, "all-out" advertising program. The company had achieved some fame in local trade circles for its willingness to spend freely on promotional activities. Over the years, profits of the company had also grown, but by no means in proportion to the expanding scale of operations.

While the company paid salaries, wages, and commissions in line with those of competitors, it had attracted many of its employees, including even district managers, away from them. Employees of the company regarded a job with Sussex as very desirable and as carrying with it considerable prestige. Employee turnover at all levels was low, and few people left the company of their own accord. While the company was not ruthless in its handling of inept employees, "people took care to see to it that their work was satisfactory," as one executive phrased it.

The men who had founded the company still retained positions in its top management in the winter of 1940. The seven district managers who worked directly under this home-office group, as well as others throughout the entire organization, frequently commented on the founders' enthusiasm and energy. People in the organization sometimes said that this infectious aggressiveness had even permeated the managements of some of the company's customers.

The top-management group determined major policies, managed the company's finances, and negotiated contracts with suppliers and with

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[1] All names have been disguised.

some few of the more important customers. They delegated considerable authority in the actual operations of the company to the district managers, and gave some weight to their managers' views on broad policy matters.

During the year he had been with the company, Richard Hicks, manager of the company's Botany Bay district, attended many conferences and "pep meetings" at the home office, and scarcely a week went by that he did not receive a personal visit from some top official from the head office. These contacts generally amounted to pressure for increasing volume and injunctions—progressively urgent—to keep expenses down. Hicks responded in a negative way to this pressure to cut costs and expressed himself openly, both to his superiors and to his own office staff. Sussex, he asserted, was getting to be as bad as the large national refiner and distributor with which he had formerly been employed.

The Botany Bay district offices had been located in one of the newest office buildings in the center of the city, in the vicinity of the better hotels, shops, and theaters. The rental of this suite of offices amounted to about $25,000 a year, and renewal of the lease, which was about to expire, would raise the amount to at least $30,000. In addition to this cost the office paid monthly not inconsiderable sums for several direct telephone lines to the company's bulk-storage terminal. This plant, which consisted of large storage tanks and pumping facilities for unloading ocean-going tankers and for loading railroad tank cars and trucks, was located in a general area of docks and shipyards, warehouses, factories, and other oil terminals, all rather closely grouped together along the water front.

The top officials of the company had stated on a number of occasions that they thought Richard Hicks should move his district office from the central downtown location to a frame building located at the storage terminal in order to reduce costs. Hicks had been emphatic in his opposition to moving the offices, and the management, in accordance with its practice of giving authority to its district managers and respecting their judgment, had been reluctant to force the issue. On a recent visit, however, the president had indicated what Hicks thought were strong feelings on the subject. Hicks therefore had agreed to the move.

The frame building at the plant had once housed the district office; but after the latter had been moved to the city location, it had remained largely vacant. It was, however, in a good state of repair; but in antipi-

pation of the move it was painted, soundproofed, and otherwise renovated. In March of 1941 the 30-odd employees, including Richard Hicks, established themselves in their new quarters.

Within several weeks after the move to the plant, a noticeable unrest, which caused Hicks serious concern, developed among the office employees. This new atmosphere, in which strained relations, repressed spirits, and lack of enthusiasm about the work were outstanding characteristics, was totally different from that which he had known during the previous year. Even his immediate assistants stiffened in their relations with him; the banter and kidding, in which almost the whole force used to engage, disappeared; the performance of the whole group seemed somehow lethargic and lackluster. For example, the stock-records man frequently complained about being swamped and seemed always behind in his records. The bookkeepers and credit department workers found it hard to keep up with their work and of their own volition began to cut their lunch periods short to resume their duties before the period was up. All in all, the work of the office was far behind the par of promptness which had prevailed in the past. The attitude of the workers was apparent not only in the results of their work, but also members of the office continually complained about the time they wasted driving to work, about the noise and the dirt and the inconvenience of having to remain around the plant during the lunch period to eat at near-by lunch counters. They were used to eating at the better restaurants uptown, where they did not mingle with factory laborers, truck drivers, and other industrial workers. Although no one on the force had actually quit, many had requested higher wages or talked about finding better jobs.

Richard Hicks turned over in his mind these facts and others in the situation at considerable length. He discounted many of the complaints. He had made no changes in the organization's structure or its personnel. All procedures and systems were as before. The jobs performed were all substantially the same as before. In fact, several had been simplified by the proximity of office and plant. Members of the office force could now take up many problems directly and personally with the plant personnel, whereas formerly they had had to spend much time on lengthy and inconvenient telephone conversations and on visits down to the plant.

Hicks was sure the new offices, because of the soundproofing, were in fact not nearly so noisy as the old. He himself was glad to get away from the street noises which used to well up from the busy intersection which his office had overlooked. While there were, to be sure, some ad-

ditional transportation problems, all workers now had free parking space on the grounds of the plant; before they had had to pay up to $10 a month for space several blocks from the office. To avoid the congestion of transportation facilities at rush hours, the offices of the Sussex Oil Company opened and closed one-half hour earlier than the main shift at the shipyards. Hicks estimated that with this early closing time his people had at least an hour to shop and do errands in the city before the stores closed. Along with the entire staff, Hicks had his lunch at "Mammy's" where the food was excellent and well served, although the clatter of dishes, the babble of voices, and the music of a jukebox contrasted with some of the mid-town restaurants.

Nevertheless, the pressure for wage and salary increases continued. This Hicks resisted for two or three months because the company not only paid competitive scales but, indeed, paid better than many types of business. Further, he was much concerned lest the savings of the move be offset by increased salary costs. On the other hand, he felt he could not possibly risk having to replace efficient people of long experience with the company at a time when the general demand for competent personnel far exceeded the supply, a condition which promised to become even more acute. As the pressure increased and the morale of the organization continued to deteriorate, Hicks eventually concluded there was no alternative but to increase wages and salaries of the office force. Because, it seemed to Hicks, the company could not raise the wages of the office force without raising those of the plant workers, he proposed to the home office that an increase be extended to the whole district organization. After some discussion and delay, the company accepted Hick's proposal.

After the increase, there was much less talk about wages and salaries, but the office force seemed to devote an increasing portion of the working day to complaining about working conditions and about "the company." Several weeks later, after the morale of the organization had continued to degenerate, Hicks felt something positive and immediate had to be done. The breakdown was spreading to the plant workers, who had previously been a loyal and efficient group. The plant manager reported this development to Hicks and stated that, while his men had made no specific complaints, they talked about the company "going to the dogs," and losing its spirit of competitive aggressiveness. Hicks was surprised to get this reaction from the plant workers. He was inclined to share their sentiment, even though he knew, as a matter of fact, that

the company's sales and profits in the preceding year had reached the highest levels in its history. His own earnings were the largest of his career. The "penny-pinching" attitude of the home office, however, disturbed him more and more. One of his best salesmen had commented, "The company is on the down-grade; we are no longer pushing ahead; it's all 'retrenchment.'"

Hicks was thoroughly perplexed. It seemed clear to him that he could not move the office back to the city. The company, he thought, having just raised wages, would almost certainly not raise them again; in any event, he somehow thought that higher wages would not solve the problem. Yet, he felt, something had to be done if the situation were not to get completely out of hand.

QUESTIONS

1. Why did employees regard a job with the Sussex Oil Company as "very desirable and carrying with it considerable prestige"?
2. What significance do you attach to the fact that they felt that way?
3. How do you explain the reactions of the office staff to the moving of the location of the office?
4. What do you think of Richard Hicks's analysis of these reactions?
5. Why did the office group continue to complain after receiving an increase in wages? Could this course of events have been predicted? If so, why did Richard Hicks not foresee it?
6. How do you explain the feelings of workers in the *plant* that the company is "going to the dogs"? What do you make of the fact that Hicks was inclined to share these sentiments even though he knew that the company's sales and profits had reached an all-time high in the year which had just ended and in view of the fact that his own salary in the past year was the highest of his career?
7. *Was* the company "going to the dogs"?
8. What was Hicks's problem? What, if anything, should he do?
9. What, do you think, was the company's problem? Who, if anyone, do you think should do something about it? What?

From *EDUCATION FOR RESPONSIBLE LIVING**

by

WALLACE BRETT DONHAM

Current facts are difficult to determine, if, indeed, they can be determined at all. Because of the crudity of the raw data on which they are based, quantities in social situations are hard to fix, even with approximate accufacy. Mathematics and even logic are less useful tools. In fact mathematics and statistics readily fool even the unwary specialist. The mere use of figures or graphs gives a concreteness and an illusion of accuracy wholly unjustified by the facts. Mathematical and statistical processes are so neat and artistic that there is great temptation to use refined methods in analyzing crude material—to cut down trees with razors. Illusions of accuracy produced by the use of figures and graphs are very widespread. Accountants and income tax authorities come to believe their figures in spite of great areas of uncertainty concealed by the concrete symbols on which they rely. It is easy to assume unconsciously that figures tell the whole story or are the resultant of all the forces at work and, therefore, accurately measure these forces. It is particularly easy to assume that quantities smooth out the variety of human behavior, even while recognizing that emotions and sentiments cannot be reduced to quantities, and in spite of the fact that they are more important than reason in controlling both individual and social behavior. In quantitative studies of social facts, as in industrial technology, the ability to be concrete in one aspect of a situation tends to make men minimize the importance and uncertainty of other things which cannot be measured or predetermined. This accounts for the failure of statistical forecasting services.

Since our leaders and our people through their emphasis on materialism have formed the habit of stressing economic interpretations to the exclusion of many other sides of human experience, the present narrowness of the economic base line becomes especially dangerous. Inter-

* Cambridge, Mass.: Harvard University Press, 1944, pp. 86–88. Quoted by permission of the President and Fellows of Harvard College.

pretation and policy are often based on narrow and unbalanced appraisals. Of course quantitative economic studies, including studies of trends in many economic fields, are important aids not only in efforts at foresight but when adjustments become necessary to meet unforeseen conditions. Economic quantities and trends are of great importance where it is possible to measure them and their changes and rates of change. When in an absolute sense anything approaching accurate measurements is impossible, relative values as they change with time are significant. Alterations in the rate of change are particularly important. A blow in the face at slow speed is one thing. It is quite another if delivered fast. So, too, the slow loss of an export market for some farm crop may allow time for an agricultural readjustment in which many farmers must be induced to join, while a sudden loss of the market can easily impoverish a region. Such fact-gathering and interpretative work is necessary as part of the basis for judgments involving policy and action just as similar accounting and statistical information is essential in the conduct of private business. But though imperfect and partial information may be a significant fraction of the material used in formulating judgments, it is easy in using such information to forget its imperfections and limitations.

Whenever relations among human beings are involved, neither human sentiments as men adapt themselves to new situations, nor other noneconomic factors, can safely be left out of consideration. No rules or precepts will settle the unknown problems of the future as they change with time.

Under such conditions even the capacity to look at facts is severely limited. The unknown and the unknowable are not to the man of affairs, as they are generally to the natural scientist, things to be studied if he so desires at some future convenient time. They are present facts which he can rarely know in time for use in current problems. He must, therefore, consider and provide against alternative possibilities. Because facts change constantly they are hard to follow, and many facts which it would be useful to know, like for example Mr. Stalin's present objectives, or our own future attitudes toward Europe, are both unknown and unknowable. This is especially true today because the time elements and the magnitude of change affecting the environment and therefore the behavior of men have shortened dramatically. Unfortunately the difficulty in finding and facing facts in a constantly changing situation tends to destroy the habit of looking at facts realistically, and leads men to

make assumptions and develop logics which control action but disregard the concrete situation and its alternative possibilities. Conflicts of logics displace cooperative effort to solve problems and tend to obscure the fact that problems are always in process of change. The temptation to substitute intellectual conclusions really based on wishful thinking for the study of facts is great.

BEACON PUBLISHING COMPANY*

The Beacon Publishing Company[1] of Philadelphia, publishers of a weekly newspaper, enjoyed a large commercial business in the production of advertising newspapers, circulars, and "throwaways" of newspaper type and size. It employed about 75 persons. The mechanical employees were all members of the various printing trade unions. Though the company had no signed agreement with any of them, it operated according to the agreements in effect with the owners of the city's other newspapers and was privileged to display the union label on its work. The unions were important factors in the industry and had built up a strong loyalty on the part of their members.

Late in 1934 Roger Clark became mechanical superintendent and production manager of the company. Clark, then 25, had graduated from the University of Michigan in 1931 with the degree of Bachelor of Arts. Originally a student in the College of Engineering of the University, he had transferred to the College of Literature, Science, and the Arts at the end of the first semester of his junior year. His major interest was economics, and his courses included several in accounting and other subjects related to business. Subsequent to his graduation, Clark had been employed as a statistician by a large distributor of petroleum products in Buffalo, New York, and later in the Production Department of the Beacon Publishing Company's largest customer. In the latter company he had under his direction the 60 employees in its mechanical departments.

James F. Kennedy, manager of the Beacon Publishing Company, on the first day of Clark's employment, explained to him that his duties were to:

(1) Keep the customers satisfied
(2) Act as buffer between Kennedy and the mechanical employees
(3) Improve quality and service
(4) Reduce costs

Kennedy then called in the heads of the four mechanical departments, composing, photoengraving, stereotyping, and pressroom, all of whom

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[1] All names have been disguised.

reported to him and all of whom Clark knew. Kennedy explained to them that they should now report to Clark, that Clark was expected to co-ordinate their efforts, and that he, Kennedy, expected 100% co-operation from all of them. There was visible displeasure on the part of the foremen, whose ages were about 55, 50, 45, and 62, but all shook hands with Clark, and the meeting was dismissed.

At the time of Clark's employment the Beacon Publishing Company was erecting a new plant. The rapidly expanding "throwaway" business had outgrown much of the old equipment, especially the presses. Customers had been clamoring for a more varied type of product, additional colors, shorter production time, and lower prices. Previously, the company had enjoyed a virtual monopoly in this type of business in the Philadelphia area; it was able to charge prices that covered its costs and netted a substantial profit. Its prices, however, had often been compared unfavorably with prices charged for similar work in other cities. The company decided to expend some $180,000 for a building and new equipment, principally a high-speed, super-duty press of the type employed by metropolitan newspapers. Its design incorporated a number of modern automatic or semiautomatic features to reduce the chance that errors in judgment in the operating crew would affect the quality of the printing. This press, in addition to being fitted for printing in four colors and for any size newspaper from 2 to 64 pages, was expected to increase production by at least 50%.

As soon as Clark was hired, Kennedy turned over most of the detail of installation and erection of the new equipment to him. Decisions in regard to layout and the hundreds of minor problems that arose in working with architects, suppliers of equipment, electricians, and others occupied most of Clark's days through December and January, so that he had little time to devote to problems of current production. It was his impression, however, that things were proceeding smoothly; at least no serious problems were brought to his attention. His few contacts with customers were pleasant and mainly anticipatory of the "new era" of costs and service that would shortly follow the opening of the new plant.

About January 10 a sling which was being used to lower one of the cylinders of the new presses into place broke during the operation. The two-ton part fell a distance of about nine feet, springing one of its journals and damaging the frame of the press. Clark insisted that repairs be made with the greatest care and that new parts be supplied where necessary, because of the important bearing of accurate alignment upon

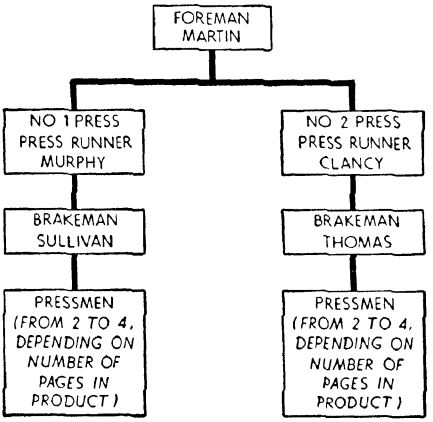
quality production. This accident delayed the completion of the installation by about two weeks.

About February 1, when the press was nearing completion, Bill Murphy, runner of No. 1 press at the old plant,[2] came into the new pressroom. Murphy was about 33 years of age. He had been a football star at a Philadelphia high school in earlier years and had afterward played semiprofessional football. Something of a local hero, he was good looking and cordial to his fellow workers. He was the leader of a clique of

EXHIBIT 1

BEACON PUBLISHING COMPANY
PRESSROOM ORGANIZATION

OLD PLANT



three or four Beacon pressmen who maintained their seniority standing at the Philadelphia *Tribune,* one of the large city papers in whose pressroom the pace of work was generally considered easygoing, by working there at least once each week.[3] Most of the other Beacon pressmen had seniority standing at the *Daily Courier,* another large paper well known for its modern efficient methods. Rivalry between the *Tribune* and the

[2] See Exhibits 1 and 2.

[3] Arrangements such as this were not uncommon in the printing trades. A pressman who had trained at one of the large papers might be able to transfer to a more responsible position at a smaller paper and at the same time retain his seniority at the larger one by agreeing to substitute for one of its pressmen on the latter's day off. The pressman who had transferred would then have to provide a substitute for himself at his regular job, but he could usually arrange for this through the union without difficulty.

Courier was keen. He was a capable workman, but had been warned several times about drinking on the job. Murphy nodded to Clark, spent some 15 minutes in looking over the machine and its appurtenances, then sauntered over to where Clark was talking to the erection foreman and the salesman for the press manufacturer. Clark spoke: "What do you think of her, Bill?"

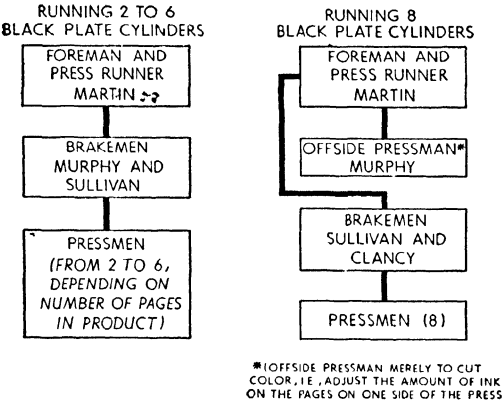
MURPHY: Some tub. She's like No. 16 at the *Tribune.*

CLARK: Not exactly; and this one has staggered roller bearings, shorter leads, and is some three tons heavier.[4] She's built for 80,000 papers per hour; No. 16 is built for 72,000.

EXHIBIT 2

BEACON PUBLISHING COMPANY
PRESSROOM ORGANIZATION

NEW PLANT



*(OFFSIDE PRESSMAN MERELY TO CUT COLOR, I.E., ADJUST THE AMOUNT OF INK ON THE PAGES ON ONE SIDE OF THE PRESS)

MURPHY: Ha! No. 16 never did better than 35,000.

SALESMAN: No. 16 at the *Tribune* is one of the best machines in this city. The production is there, if the pressman would allow the press to produce.

MURPHY: Yeah? All the pressmen in Philadelphia couldn't keep the sheets up[5] on that tub. What do you expect to get out of this one, Clark?

CLARK: (*Enthusiastically*) Of course, we won't run it much above 75,000. That should give us a net of 50,000 papers up to 16 pages.

[4] All features leading to improved quality.

[5] Paper properly threaded.

MURPHY: With that bum cylinder and the cracked side frame? You'll be lucky to get 30,000. I'll make a bet right now that you never do any better than we do with those two old coffee mills that we are running now.

The two machines used in the old plant were single-width machines, capable of producing two 12-page papers or one 24-page paper with each revolution. Most runs were of 12 pages; the usual number of men working was 13, including the foreman. Orders were given by the foreman directly to the press runners, who carried them out either personally or relayed them to the brakemen and pressmen. Observance of this formality was very rigid: for example, if the foreman wanted more tension[6] on the sheets in No. 1 Press, he would hold up a clenched fist to Murphy, who in turn would clench his fist to Sullivan (sign language was often used for communication because of the noise of the press).

That night, at home, Clark recalled the conversation with Murphy and considered again the expectation of increased production with the new machine. The damage to the press during its erection he discounted, because of the guarantee of the manufacturer that the machine would be placed in perfect condition. The factors that should yield increased production he set down as follows:

	Old Machines	*New Machine*
1. Faster cylinder speed		
Number of papers each revolution	2	1
Revolutions per minute	200	667
Papers per minute	400	667
2 machines (old setup): double-width (new setup)	2	2
Total papers per minute	800	1,334

2. Fewer stoppages to change rolls of paper
   Old machines (single-width)—78 rolls (77 stoppages) per run of 300,000 12-page papers.
   New machine (double-width)—39 rolls (38 stoppages) per run of 300,000 12-page papers.
3. Improved working conditions, laborsaving devices.
   a) In the new pressroom rolls were to be stored on their bilges, or sides, so that they could be easily rolled to a dolly and thence to the press. In

[6] Securing even tension on the paper being printed was one of the most critical problems of press design and operation, since the web of paper was so easily torn. The tension had to be equal across the width of the web and throughout its length while the press was running at high speeds and also during starting and stopping when it was changing speeds rapidly.

the old pressroom, rolls were stored two high, on end, and had to be turned on their sides and rolled by hand across a bumpy floor.

b) Electric hoists were provided to lift the rolls into the new machine. In the old plant, rolls had to be hoisted by hand with chainfalls.

c) The new machine provided 100% safe, fully automatic controls.

d) The new pressroom was clean and well lighted; it provided better ventilation, toilet, and locker facilities.

Clark therefore concluded that attainment of 50% greater production would be relatively simple; in fact, even 60% could be anticipated.

On February 15, 1935, the new plant was placed in operation and the old plant was sold. The new press was operated only one shift per day, plus overtime as required. It was the only press in the plant used for the production of advertising newspapers and other promotional material of that sort.

There were countless "bugs" in the new equipment, and for the next month Clark was satisfied to get the work out at all, without worrying too much about hourly production. The weekly summaries, however, showed that the per-hour production in the pressroom was averaging slightly more than 30,000, no better than in the old plant. Wage rates, which were paid on an hourly basis, had not been changed, nor had the company planned to alter them, inasmuch as the management was certain that the company would receive enough additional work on the basis of lower prices and better quality to maintain the employees' hours of work and therefore their take-home. In fact, they believed the new press would result in an increase of overtime work, paid for at the rate of time and a half.

At the end of March, Kennedy called this production deficiency to Clark's attention and emphasized that the customers were pressing for reduced prices. He ordered Clark to investigate the causes of the deficiency and to make every effort to increase production at once. Accordingly, Clark devoted most of his time to the pressroom. He spent many hours in conversation with John W. Martin, foreman of the Beacon pressroom.

Martin was about 45 years of age. He had been a first sergeant of artillery in World War I, and was sometimes familiarly addressed as "Sarge." He had been made foreman about seven years previously, largely on a seniority basis, when the man who was foreman at that time had concluded that the work was too strenuous for his advanced years. Martin's education had stopped at about grade 8, but he had been much impressed by mathematics when he came into contact with "logry-

thums" during his artillery service. He liked to carry a micrometer caliper, which he could not read, and to talk of surface speeds, pitch lines, and other technical terms that he had picked up in his 25 years around pressrooms. Kennedy had at one time been much impressed by Martin; but, Kennedy told Clark, Martin had given him so many "bum steers" that he had lost confidence in him. He said Martin was a conscientious worker, who was good on quality and had apparently gotten all the production possible out of the presses in the old plant.

Martin maintained seniority at the *Daily Courier* and considered that shop the acme of perfection. Martin was disliked by some of the foremen and men in other departments, particularly because he had, during the period in which he had impressed Kennedy, forced them to "cut their goods to fit his cloth." They said he was a confirmed buck passer. The doggerel quoted below, which appeared on the pressroom bulletin board and which was generally attributed to the stereotype foreman, had created quite a stir just prior to Clark's arrival.

MARTIN'S LAMENT

It must be the paper, it must be the ink,
It must be the plates or something I think.
For it can't be the press and it can't be me
For I've been thirty years in the business, you see.

Clark summarized Martin's reasons for the production showing as follows:

1. Poor paper.
2. The cylinder that had been dropped during erection.
3. Poor printing plates.
4. "You'll have to get me a whip to get any more out of these men."

Clark knew that the criticism of the paper was unfounded. He had the alignment of the dropped cylinder checked by an impartial machinist, who found it to be perfect. Furthermore, production did not improve when that cylinder was idle. There was some justification for the criticism of the plates; consequently the stereotype machinery was overhauled, and the foreman of that department was closely supervised in all his operations. With the improved plates, a gain of 1,500 papers per hour was obtained.

Martin's fourth point, "You'll have to get me a whip to get any more out of these men," was the one which most interested Kennedy,

when in the course of a conversation with Clark he learned of the four points. A hardheaded former real estate operator, Kennedy was opposed to unions, particularly the pressmen's union, with whose members he had had several arguments. Referring to the fourth point, he said to Clark, "Those fellows go out too much. The other night when I stopped in on my way home from the theater, only five men of a crew of nine were in the room. And I'll bet that the others were half drunk when they came back. Post a notice forbidding them to go out except during the regular lunch periods."

The notice was posted. Production dropped to below 30,000 per hour, and two of the better pressmen did not show up for work. Further, the going out did not stop. Kennedy called in the president of the pressmen's union, who said that he would "speak to the boys." Although their going out did not stop, production crept up to 35,000 per hour.

Clark spent more and more time in the pressroom. Pressure for reduced prices was becoming acute, and there were rumors that competitors were starting in business. Clark's observation was that the press in general ran well, but that there were too many web breaks[7] and that too much time was consumed in changing rolls. He recommended that the roll stands be altered to accommodate larger rolls and that automatic tension devices be installed. These changes were made at a cost of $3,000. Production remained the same. Occasionally he offered suggestions to Martin, who always had at least a dozen reasons why they would not work.

One day Clark entered the pressroom by a seldom-used door and overheard Martin telling the men, "I've been 25 years in this business, and along comes a guy smoking a cigarette and tells me what to do."

Shortly after that incident Martin's wife died. Clark, who had come to dislike Martin thoroughly, nevertheless immediately called him on the telephone, offered his condolences, and inquired whether there was anything that he or the company might do. Martin seemed grateful. The next night Clark attended the wake. He was ushered into the kitchen of Martin's home and seated with the president of the pressmen's union, the chairman of its board of trustees, several Beacon pressmen, and pressmen from other shops. Upon leaving he was asked to join the union officials and several of the pressmen in a drink. He accepted.

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[7] Exact responsibility for web breaks was difficult to assign. Factors caused by press design had been largely eliminated from the presses in use at the Beacon Publishing Company. Some were undoubtedly caused by any slight unevenness in the quality of the paper. Careful make-ready and running of the press by a crew always kept web breaks at a minimum.

During Martin's absence from the shop for about a week Murphy, because of his senior position, acted as foreman. Production rose to 40,000 papers per hour. Upon Martin's return, production dropped to 38,000, but to Clark it seemed that it required more effort on Martin's part to get 38,000 than it did on Murphy's part to get the 40,000.

Clark thought that Martin's attitude, however, was better. From time to time he did accept suggestions. Clark then began to invite him to his home occasionally, and on several evenings assisted Martin's son, who was having trouble with his high school algebra.

Production all the while was slowly improving. By November, it had reached 42,000. Martin constantly complained "off the record" to Clark about Murphy. He could not, he said, make charges against him, because they were both members of the pressman's union, whose bylaws prevented one member bringing charges against another, but he asserted that Murphy was "a bad influence." Martin said that Murphy was always discovering at the last minute some fault or defect that would delay production. With Murphy "out of there," Martin felt that 50,000 or 55,000 papers per hour could be attained.

During the rush of Christmas business and overtime employment, Murphy several times appeared to have all the work that he could handle. Clark was aware that the other pressmen, not of Murphy's clique, took every opportunity to place him in a position where he would be drawn unfavorably to Clark's attention. About the middle of January, during a run, a change of plates had to be made. On this particular run it was not Murphy's job as offside pressman to plate up, but inasmuch as the pressman whose job it was had gone out, Murphy made the change. During the process of locking on the new plates, he was interrupted by Martin. When the press was started, two of the plates he had put on came off, doing some damage to the plate clips and impression blankets. Martin immediately sent Murphy home, and reported the incident to Clark. Clark then consulted Kennedy, and reviewed with him the history of the situation while he had been employed as it has been described above. He asked for Kennedy's help in arriving at a decision as to what the next step should be. Kennedy told him that he wanted to think it over and would take action the next day.

QUESTIONS

1. What is the significance of the fact that the Beacon Publishing Company had no signed agreement with any of the unions involved, although it operated according to the agreements in effect with other newspapers in the city?

2. How well, in your opinion, was Clark prepared for the assignment which Kennedy gave him?
3. What do you think of the duties which Kennedy outlined to Clark? Do you suppose Clark would know, for example, what Kennedy meant by "Keep the customers satisfied"?
4. What, do you suppose, did Kennedy mean when he told Clark to act as a buffer between him and the mechanical employees? Why, do you think, did he want such a buffer? What, if anything, do you think Clark should have done to carry out this instruction?
5. Why, do you think, did the foremen show visible displeasure when Kennedy told them they were to report to Clark? Should Kennedy have taken any note of this displeasure? What, if anything, should Clark have done about it? Why?
6. In what way, if any, did Clark's first assignment (looking after the installation and erection of the new equipment) fit in with his duties as originally outlined by Kennedy?
7. What do you make of the fact that no serious production problems were brought to Clark's attention during the period when he was busy with the new installations?
8. What do you make of the conversation which took place when Murphy first examined the new press? What do you think Murphy was thinking about at the time? What do you think Clark was thinking about at the time? Should Clark have said anything other than what he did say to Murphy?
9. What significance or importance do you attach to the routines by which orders were transmitted on the old press? Should management have paid any attention to them?
10. What do you think of the calculations by which Clark arrived at the conclusion that he could anticipate 50% or even 60% increase in production with the new press in operation?
11. What was the minimum and maximum number of men employed on the old press? On the new press? What difference, if any, would this make to Clark? To the pressmen? To the cliques among the men? To the unions?
12. What assumptions was the management making, in your judgment, when it concluded that the new press would not reduce the men's take-home pay and would probably result in additional overtime work? Were such assumptions wise?
13. What do you think of Murphy's qualifications as a press runner? What do you think of Martin's qualifications as a foreman?
14. Make a rough chart or graph of the fluctuations in output after the opening of the new plant. How do you account for these fluctuations?
15. What assumptions was Kennedy making when he instructed Clark to post a notice forbidding the men to go out except during the regular lunch periods? Were they useful assumptions in this situation?
16. How do you account for the fact that under Murphy, who had offered to bet Clark that the new press would never do any better than the two old ones,

production quickly rose by one-third? Why, in your opinion, were Martin and Murphy at odds while working on the new press, whereas formerly they had apparently worked together reasonably well in the old plant? How does it happen that Martin, who "had apparently gotten all the production possible out of the presses in the old plant," was unable to reach the production figures that he felt were attainable?

17. Assuming that Murphy was, in fact, discovering at the last minute some fault or defect that would delay production, does that fact necessarily prove that Murphy was a troublemaker?

18. What action do you think Kennedy will take? What action do you think he *should* take? Below are some alternatives. What do you think would be the consequences of each of them? What other alternatives do you think of and what do you think would result from following them?

    a) Fire Murphy
    b) Ask Murphy what he thinks should be done
    c) Fire Martin
    d) Ask Martin what he thinks should be done
    e) Fire Murphy and Martin
    f) Confer with Martin and Murphy jointly and ask them what should be done
    g) Fire Clark
    h) Fire all the *Tribune* clique
    i) Make Murphy foreman and demote Martin
    j) Ask the union officials for help
    k) Throw a beer party for all the men employed in the pressroom
    l) Assemble the men and explain to them the effect of increasing production on unit cost on prices and on the volume of business to be obtained by Beacon Publishing Company
    m) Reduce hourly wage scale until production reaches 50,000 per hour or some other stipulated goal
    n) Increase wages
    o) Tell Clark to handle the affair
    p) Tell Martin to handle the affair
    q) Do nothing at all

19. What do you think of Kennedy as an administrator?

20. On one occasion, when several instructors were discussing this case, one of them stated that, if called in as consultant after the last episode, he would present to Mr. Kennedy the following questions as his report:

    a) Why did you put in a "buffer"?
    b) Why did you put in a "buffer" at the time of a major change?
    c) Why did you choose Clark as the "buffer"?
    d) Why haven't you talked over the competitive situation with the men?

    What do you think of this as a report to Mr. Kennedy?

From *"OF STRESS AND DISTRESS"**

by

DANA L. FARNSWORTH, M.D.

The older man is faced with the need to delegate authority as he advances in his organization, but anyone who feels insecure will find this adjustment a most difficult one, and a real tension-producer. Furthermore an executive's function changes in the later years of his life. His significance may come to lie in the tone he sets, and in his wisdom—not in the amount of actual work he turns out. It is not easy for an active man to accustom himself to this new role.

**Harvard Business School Bulletin,* Autumn, 1956; (Vol. XXXII, No. 4), p. 9. Reproduced by permission.

NATIONAL ELEVATOR COMPANY (A)*

One morning, in the latter part of November, 1955, during the last week of the five-week executive training program he was attending, Thomas J. Sullivan[1], manager of the Midwest installation region of the National Elevator Company, received a long-distance telephone call from his office in Chicago. The call was being made by Charles Thorkelson, Sullivan's assistant. Charley was calling Tom to tell him that one of their installation crewmen, George Gleason, was about ready to quit because he couldn't get a transfer from the Indianapolis projects area, where he was presently working, to the Dayton projects area.[2] Charley Thorkelson had learned of this from Tony Olivetti, the president of the union local which represented the field installation employees of the Midwestern region. Olivetti also told Thorkelson that the union was concerned about the whole matter of transfers and work assignment in general and, in particular, whether George Gleason was getting a fair deal. Olivetti told Thorkelson that he had learned about the Gleason situation from Sam Bright, Gleason's shop steward, who had called him from Indianapolis the evening before. Olivetti asked Thorkelson to look into the situation and see if he couldn't work out something. Thorkelson was calling Sullivan to ask what action he should take.

In the course of their conversation, Thorkelson reminded Sullivan that Gleason was a highly trained and experienced installation man who had been with the company many years. From time to time, in addition to the training he had received on the job, Gleason had attended numerous training sessions at the company's main manufacturing plant and was well acquainted with the company's latest automatic-control equipment as well as with older equipment which, occasionally, had to be serviced by installation crews. Men with the degree of mechanical and electrical skill of Gleason were very hard to find

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[1] All names have been disguised.

[2] A partial organization chart of the company and of the Midwest installation region is shown in Exhibit 1.

and the Installation Division was experiencing great difficulty in hiring young men to train for installation work.

Gleason was about 35, married, and had two small children. His home and family were located in Dayton. Thorkelson also told Sullivan that Olivetti had reported that the reason Gleason wanted the transfer was that he felt he should be at home more often and that his wife wanted him at home.

Gleason had reported to Sam Bright, according to Olivetti, that he felt there was no possibility of getting a fair deal from his supervisor, John Mankos, a job foreman. Indeed, Thorkelson went on, Tony Olivetti had told him that Sam Bright was of the opinion that Gleason was so sure that he wouldn't get a fair deal from Mankos that he—Bright—doubted that Gleason had even asked Mankos about it. Bright had told Olivetti that there might be something in what Gleason said, since it was his experience that the company did not look with favor upon such requests for transfer. Bright said he knew of other men in the Indiana state district and in the Indianapolis projects area who were just as much justified as Gleason—or even more so—in requesting a transfer to areas closer to their homes and who had been turned down.

The foregoing account of his telephone conversation with Charley Thorkelson was given by Tom Sullivan as he sat at lunch with three or four other men who were attending the training program and a member of the teaching faculty which conducted the program.

There was, Sullivan went on to explain, no union contract rule based on seniority which governed transfers. In policy and practice, the company had taken the position that it was necessary to assign men to those areas where there was work to be done. Crews were made up according to the skill requirements and size of particular jobs. Accordingly, Sullivan continued, men were assigned from place to place as needed, and in some cases they would be unable to visit their homes for weeks or even months at a time. The executives of the Installation Division were aware that the moving from place to place and the protracted absences from home were, from the employees' point of view, an undesirable aspect of the job. It was the policy, Sullivan said, to review every request for a transfer closer to home very carefully to determine the reasons why a particular situation may have developed, the degree of hardship involved, and how the

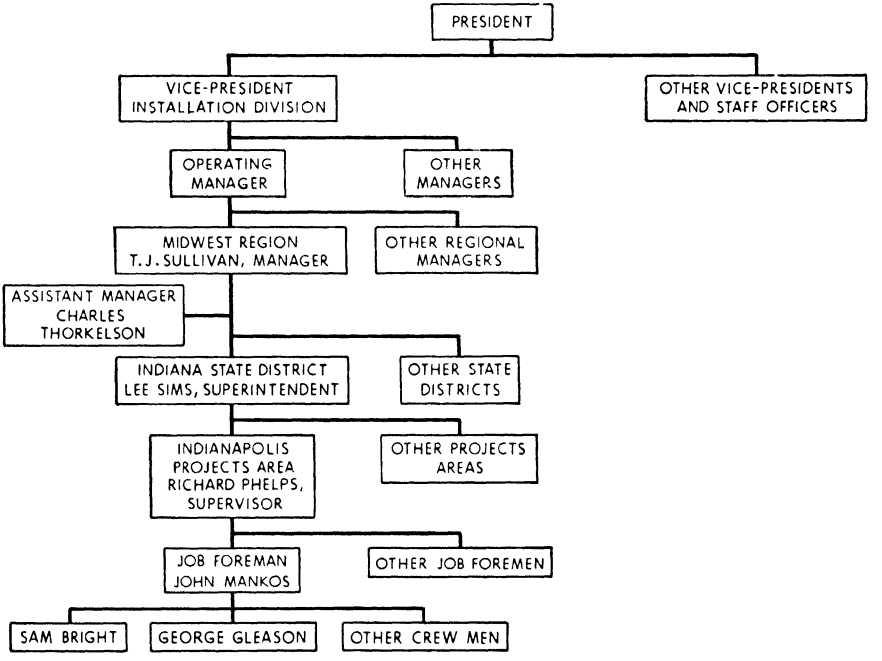
request for the transfer could be reconciled with the needs of the business. After consideration, many transfers, he said, were permitted in order to solve individual problems.

As he finished laying the situation before the group around the table Tom asked, "Well, if you were in my position right now, what would *you* do in this *real* case?"

EXHIBIT 1

NATIONAL ELEVATOR COMPANY (A)

PARTIAL ORGANIZATION CHART



NATIONAL ELEVATOR COMPANY (B)*

After Thomas J. Sullivan[1] had given the foregoing account [see National Elevator Company (A)], there was general discussion around the lunch table. Finally, someone asked, "Tom, what *did* you say to Thorkelson?"

"Well, I told him to find out these facts as quickly as he could: Why is Gleason's family living in Dayton when he is permanently assigned to Indianapolis? How urgently are Gleason's services needed at Indianapolis and how long will this urgency last? And find out if, and why, Gleason went directly to the union with his request rather than taking it up through the line organization."

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[1]All names have been disguised

NATIONAL ELEVATOR COMPANY (C)*

The professor who was at the luncheon table on the late November day when Thomas J. Sullivan[1] described the situation set forth in "National Elevator Company (A)" asked Tom if he would let him know something of its outcome. A few days later, he received the following letter from Sullivan:

DEAR PROFESSOR:

Pursuant to the luncheon discussion of the employee incident on Wednesday, I am forwarding the information on the disposition of the case. That is one advantage we have in the field—we do get our answers quickly.

First, to correct one of the facts of the case, Charley Thorkelson found after investigation that the employee in question [George Gleason] had discussed the matter with his job foreman [John Mankos]. This, of course, had not been previously reported. About two weeks previously he asked his foreman whether it would be feasible to have a permanent transfer from Indianapolis to Dayton. At that time the foreman told him it was quite unlikely because of the amount of work ahead that required his particular type of skill. The foreman [Mankos], under the pressure of the heavy job for which he was responsible, had neglected to forward the request through lines of organization. Nothing more was said so the foreman forgot about the incident. The rest of the developments occurred as you already know.

Also, when I got back to the office I found out that George Gleason had been single and working in Indianapolis in 1952 when the new transfer provisions controlling the movement of hourly rated personnel were negotiated with the union. These changes were very favorable so far as craft workers were concerned. However, to get the new transfer provisions functioning, it was necessary to make some arbitrary assignments of personnel to permanent base locations (this feature of having a permanent base location had not previously existed in our transfer setup). Because Gleason was single and working in Indianapolis on the effective date of the new contract, he was assigned permanently to the Indianapolis base.

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[1] All names have been disguised.

Gleason had subsequently married a girl whose home was in Dayton and she refused to change her home location to Indianapolis, and after the children came along was more adamant than ever in her refusal.

When I had gotten these facts, I called the union president [Tony Olivetti] and instructed him to advise the employee to again discuss the matter with his foreman. When this discussion took place yesterday the foreman, acting on instructions he received through organization lines from my office, advised him that under the circumstances prevailing with regard to his family, we would transfer him to Dayton and establish that as his permanent base. In addition, he was told that we could not guarantee that he would work in the state of Ohio in the next 12 months beginning in December, when the next series of installations he had been trained for would start.

He stated he would accept that understanding as a part of his transfer and hoped that in the short interval between successive jobs he could get back for a few weeks occasionally.[2]

So—as it now stands—we have retained his services, which are sorely needed, and he has gotten a transfer which may help him in the long run but has no immediate advantage.

Would appreciate any comments you might have.

Sincerely,

TOM SULLIVAN

---

[2]EDITORIAL NOTE: The following July, Sullivan wrote, in part, "George Gleason has continued to work on the assignments outside of the state of Ohio for which he had been specifically trained. However, it appears that within the next two months he will be able to return to his permanent location in Dayton for work there and approximately there-to for an indefinite period."

"OF SIMULATION AND DISSIMULATION"*

by

FRANCIS BACON

Dissimulation is but a faint kind of policy, or wisdom; for it asketh a strong wit and a strong heart to know when to tell truth, and to do it; therefore it is the weaker sort of politicians that are the great dissemblers.

Tacitus saith,[1] "Livia sorted well with the arts of her husband, and dissimulation of her son; attributing arts or policy to Augustus, and dissimulation to Tiberius"; and again, when Mucianus encourageth Vespasian to take arms against Vitellius, he saith, "We rise not against the piercing judgment of Augustus, nor the extreme caution or closeness of Tiberius."[2] These properties of arts or policy, and dissimulation or closeness, are indeed habits and faculties several, and to be distinguished; for if a man have that penetration of judgment as he can discern what things are to be laid open, and what to be secreted, and what to be showed at half-lights, and to whom and when (which indeed are arts of state, and arts of life, as Tacitus well calleth them), to him a habit of dissimulation is a hinderance and a poorness. But if a man cannot obtain to that judgment, then it is left to him generally to be close, and a dissembler; for where a man cannot choose or vary in particulars, there it is good to take the safest and wariest way in general, like the going softly by one that cannot well see. Certainly the ablest men that ever were have had all an openness and frankness of dealing, and a name of certainty and veracity: but then they were like horses well managed, for they could tell passing well when to stop or turn; and at such times, when they thought the case indeed required dissimulation, if then they used it, it came to pass that the former opinion spread abroad, of their good faith and clearness of dealing made them almost invisible.

There be three degrees of this hiding and veiling of a man's self: the first, closeness, reservation, and secrecy; when a man leaveth himself without observation, or without hold to be taken, what he is; the second, dissimulation in the negative, when a man lets fall signs and

* Reprinted from *Essays and New Atlantis*. Published for the Classics Club by Walter J. Black Inc., New York, 1942.

[1] Tacitus, *Annals*, V, 1.

[2] Tacitus, *History*, II, 76.

arguments, that he is not that he is; and the third, simulation in the affirmative, when a man industriously and expressly feigns and pretends to be that he is not.

For the first of these, secrecy, it is indeed the virtue of a confessor; and assuredly the secret man heareth many confessions; for who will open himself to a blab or a babbler? But if a man be thought secret, it inviteth discovery, as the more close air sucketh in the more open; and, as in confession, the revealing is not for worldly use, but for the ease of a man's heart, so secret men come to the knowledge of many things in that kind; while men rather discharge their minds than impart their minds. In few words, mysteries are due to secrecy. Besides (to say truth), nakedness is uncomely, as well in mind as body; and it addeth no small reverence to men's manners and actions, if they be not altogether open. As for talkers and futile persons, they are commonly vain and credulous withal; for he that talketh what he knoweth, will also talk what he knoweth not; therefore set it down, that a habit of secrecy is both politic and moral. And in this part it is good that a man's face give his tongue leave to speak; for the discovery of a man's self by the tracts[3] of his countenance is a great weakness and betraying, by how much it is many times more marked and believed than a man's words.

For the second, which is dissimulation, it followeth many times upon secrecy by a necessity; so that he that will be secret must be a dissembler in some degree; for men are too cunning to suffer a man to keep an indifferent carriage between both, and to be secret, without swaying the balance on either side. They will so beset a man with questions, and draw him on, and pick it out of him, that without an absurd silence, he must show an inclination one way; or if he do not, they will gather as much by his silence as by his speech. As for equivocations or oraculous speeches, they cannot hold out long: so that no man can be secret, except he give himself a little scope of dissimulation, which is, as it were, but the skirts or train of secrecy.

But for the third degree, which is simulation and false profession, that I hold more culpable and less politic, except it be in great and rare matters; and, therefore, a general custom of simulation (which is this last degree) is a vice rising either of a natural falseness, or fearfulness, or of a mind that hath some main faults; which because a man must needs disguise, it maketh him practice simulation in other things, lest his hand should be out of use.

[3] Traits or features.

The advantages of simulation and dissimulation are three: first, to lay asleep opposition, and to surprise; for, where a man's intentions are published, it is an alarum to call up all that are against them: the second is, to reserve to a man's self a fair retreat; for if a man engage himself by a manifest declaration, he must go through or take a fall: the third is, the better to discover the mind of another; for to him that opens himself men will hardly show themselves adverse; but will (fair) let him go on, and turn their freedom of speech to freedom of thought; and therefore it is a good shrewd proverb of the Spaniard, "Tell a lie, and find a troth";[4] as if there were no way of discovery but by simulation. There be also three disadvantages to set it even; the first, that simulation and dissimulation commonly carry with them a show of fearfulness, which, in any business, doth spoil the feathers of round flying up to the mark; the second, that it puzzleth and perplexeth the conceits of many that perhaps would otherwise co-operate with him, and makes a man walk almost alone to his own ends; the third, and greatest, is that it depriveth a man of one of the most principal instruments for action, which is trust and belief. The best composition and temperature[5] is to have openness in fame and opinion, secrecy in habit; dissimulation in seasonable use, and a power to feign if there be no remedy.

[4] Truth.

[5] Temperament.

"In the problems which the Almighty sets his humble servants things hardly ever happen the same way twice over, or if they seem to do so, there is some variant which stultifies undue generalization."

—WINSTON S. CHURCHILL, *The Second World War,* Vol. I: *The Gathering Storm* (Boston: Houghton Mifflin Co., 1948), p. 476.

COLEBROOK BOX COMPANY*

Introduction

James Bryce,[1] plant manager of the Springfield factory of the Colebrook Box Company, felt disturbed by what he considered the excessive rate of absenteeism and labor turnover which had persisted in his plant for a year after V-J Day. In September, 1946, he requested his assistant, Roger Nelson, to pay a visit to a local firm of management consultants, Dow and Graham, and ask their help in setting up a foreman training program in order to cope with these problems. Mr. Graham and one of his assistants, Richard Green, visited the factory the next day and discussed the situation with Mr. Bryce, Roger Nelson, and Joseph Cordello, the plant superintendent.

During the course of this discussion, the five men brought the following facts to light. The majority of the jobs in the plant required relatively unskilled workers. Turnover and absenteeism among these employees appeared to be serious enough to interfere with the production rate, to cause an unnecessary amount of materials spoilage, to create housekeeping problems, and generally to reduce the efficiency of plant operations. The foremen felt acutely discouraged when employees whom they had spent several days or weeks training walked off the job for some seemingly trivial reason, or no reason at all. Mr. Bryce and Joseph Cordello attributed this dissatisfaction to the "general unrest" following the war, and to the ease with which the help could pick up other jobs or draw unemployment compensation.

Mr. Bryce and "Joe" Cordello both thought that the way to tackle this problem was to teach the foremen how to handle the new help well enough so they would stay on the job. Joe, especially, was convinced that the plant offered ample incentive to hold new employees. "There is room for good men all over the plant," he said. "If we can find men who are intelligent enough to see the opportunities, and who are steady enough to take their turn at the beginners' jobs first, we can gradually fill all the good jobs with good men."

Mr. Graham was not entirely convinced that a foreman training program was the most effective action to take; in any event, he believed that he would need considerable information about the plant in order to or-

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[1] All names have been disguised.

ganize a training program suitable to its needs. He therefore arranged to have Richard Green make as comprehensive a study of the plant as possible, and waited till this study was completed before taking further action himself. In the next few weeks, Green obtained the information contained in the remainder of the case. He organized this information loosely around certain broad subject headings: preliminary or "background" information, information on management, on the factory personnel, on absenteeism and turnover, on transfers of employees between departments, and finally on employee incentives and attitudes.

Preliminary Information

The Colebrook Box Company had purchased its Springfield factory from the Hodge Company in January, 1944. The Hodge Company had begun operations in Holyoke, Massachusetts, in 1902, and had moved to the present location in 1920. About 200 of the 300 employees working in Holyoke had moved with the company. Management of the company had stayed in the hands of the Hodge family; between 1902 and 1944, six members of the family participated in the operation of the plant.

In September, 1946, approximately 80 employees remained who had been with the Hodge Company at the time of its acquisition by the Colebrook Box Company; most of them were foremen, skilled machine operators, and office employees. They showed no particular sentiment concerning the change in management. "The Hodges were cheap, in a way," one machine tender told Green; "they paid low wages. But they did good quality work. With only one or two shifts operating, for example, we had plenty of time to keep the machines in repair. And I can remember when it was normal to fill a barrel of scrap board from the printing department about once every four days. Here, I've seen seven or eight barrels filled in one shift. The total scrap cost has run as high as $15,000 a month."

The present factory was one of several, including an automobile parts plant and a chemical factory, scattered through a residential suburb of Springfield. The factory grounds adjoined a park and a residential street lined with three-story frame houses. The residents of the district were a mixture of ethnic and racial groups: Italian, English, Negro, Irish, Portuguese, and others. Many of these residents worked in offices in the city or in factories outside the suburb. The few near-by factories were currently competing for labor. In the opinion of Roger Nelson,

Colebrook's wages for unskilled employees, though average for the box fabricating industry, were probably lower than those the competing industries offered. This appeared to be a settled policy in the box fabricating industry.

The Colebrook Box Company, which had purchased the Hodge Company, had its head offices in Philadelphia and operated pulp and wastepaper processing plants, paper and paper board mills, and box and container factories throughout the United States. Net sales of the company had risen from $16 million in 1935 to $72 million in 1945, and were currently increasing. In spite of a rise in production costs during the last two years of the war, the company continued to maintain net earnings of approximately 8% on average invested capital. Top management contemplated capital expenditures of $6 million for 1946 and early 1947, and expected to continue an aggressive program of sales expansion. Because of the company's fast growth, promotions among junior executives in the various mills, factories, and sales offices were occurring frequently.

Most of the plants of the company were working on a three-shift schedule during 1946. By September the scheduling office at the Springfield plant had planned a tight three-shift production schedule through January, 1947, on the basis of orders already received. During 1945 and 1946, substantial capital investment had gone into new heavy machinery, redecorating of the offices and reception rooms, and landscaping of the grounds. The Philadelphia office had authorized expenditure at Springfield for redecoration of the employees' cafeteria and installation of a locker room.

The current backlog of orders meant a heavy emphasis on production in the plant and put a premium on maximum machine utilization. Mr. Bryce, however, anticipated a period not too far distant when competition for orders would develop and he would increasingly have to emphasize quality, service, and cost, as well as output, in the operation of the plant.

Relations between Plant and Home Office

Green reported that he had received the following statement from one of the officials of the Springfield plant about relations with the head office in Philadelphia:

"You know, some of the things that seem big to us here seem very little to the top management. This is a big outfit with big customers

and big resources. They're not worried about production—we can always turn out boxes somehow. It isn't that they don't care about our everyday problems; they just take them for granted, the way you take money for granted when you put it in the bank. What they're thinking about is the position of the company years ahead, and they're willing to spend money to get there. There are perhaps 30 or 40 people here, the salaried employees, who feel that their future interests are really associated with those of the company. There are prospects open for jobs in other plants at higher levels, for those who do their jobs well here. There is opportunity and security, too—this company is going to keep on going whether we have a depression or not.

"However, that feeling of opportunity doesn't get over to the people in the factory. For one thing, they just don't have the opportunities. If a factory worker goes to another plant, there's nothing terrific about it; it's just a trade. He won't be promoted more than one level. When one of the salaried people is changed, on the other hand, we regard it as a promotion."

Management of Springfield Plant

The Springfield factory operated under a general manager; under him were a sales manager with a staff of about 12 salesmen; the plant manager, Mr. Bryce; and an office manager.

In July, 1946, the home office had sent the general manager, Mr. Dekker, and the office manager to Florida to get operations started in a new plant. Mr. Bryce had been acting general manager since then, and there was no indication who would replace Mr. Dekker permanently. Mr. Bryce had been plant manager of the Springfield factory since December, 1945, when Mr. Dekker had brought him in from another of the company's plants to take the position. Since coming into the factory, Mr. Bryce had received considerable assistance from Joe Cordello, and together they made most of the major decisions regarding production.

By September, 1946, Mr. Bryce had become well acquainted with all the foremen in the company and many of the machine tenders and older employees. The foremen met once each week at lunch, at which time, according to Roger Nelson, they competed with each other in describing their production problems. Joe Cordello also scheduled foremen's conferences whenever a new order was ready for manufacture, to plan its progress through the plant and iron out possible conflicts between the departments. Mr. Bryce attended these lunches and conferences. He

said that he and Joe also made it clear to the foremen and machine tenders that they were both "on call" in case of trouble; he also said that answers to requests for help usually took them into the plant once or twice a day. Mr. Bryce did not know most of the newer employees; most of them, in turn, did not recognize him. Joe Cordello, on the other hand, was well known throughout the plant.

Springfield Factory Personnel

The Springfield plant produced folding cardboard boxes for use principally in packaging foods such as crackers, tea, and quick-frozen vegetables. In September, 1946, there were approximately 500 plant employees, of whom 400 were in the factory and the remainder in shipping, maintenance, the boiler room, and other service functions. Of the factory employees, about one-third were women. All of the nationalities of the surrounding district were represented, and the working force comprised all age groups from boys and girls to old men and women. At the outset, Green was struck by the extraordinary physical diversity of the working force.

An organization chart of the factory personnel as of September, 1946, is shown in Exhibit 1 (p. 292). Directly subordinate to Mr. Bryce, the plant manager, was Joe Cordello, the plant superintendent. Subordinate to Joe were two superintendents for the second and third shifts, known by the foremen as "Second-shift Joe" and "Third-shift Joe." The arrangement of foremen in the several departments varied according to the type of work and the work load.

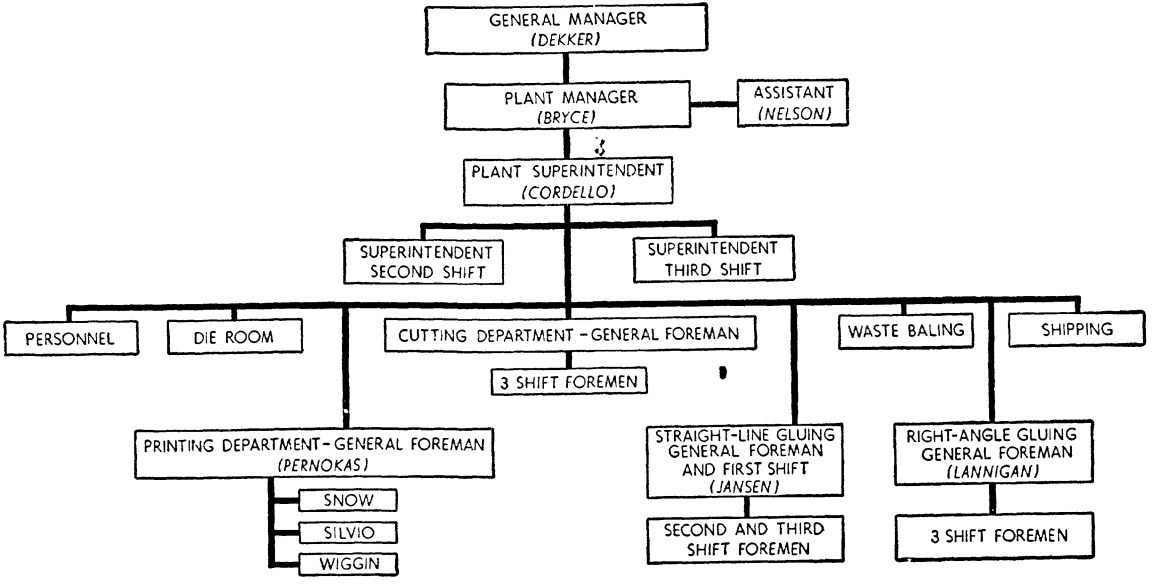
The die department was located in the "old" building (see Exhibit 2) directly beneath the recently redecorated general offices. In the die department, a handful of skilled "stone," "die," and "plate" men made up the plate forms and cutting dies for use on the printing presses and the cutting presses. These men worked with little technical supervision. Their assistant foreman spent much of his time in the office, planning the layout of the box design on the paper board. The problem of labor turnover and absenteeism, Green found, was virtually nonexistent in the die department.

Mechanical production took place in the "new" building, a concrete structure. A corridor connected the die department in the old building with the second floor of the new one. This corridor opened on the printing department, which contained 10 presses. Harry Pernokas, general foreman of the printing department, supervised three shift foremen:

EXHIBIT 1

COLEBROOK BOX COMPANY - SPRINGFIELD PLANT

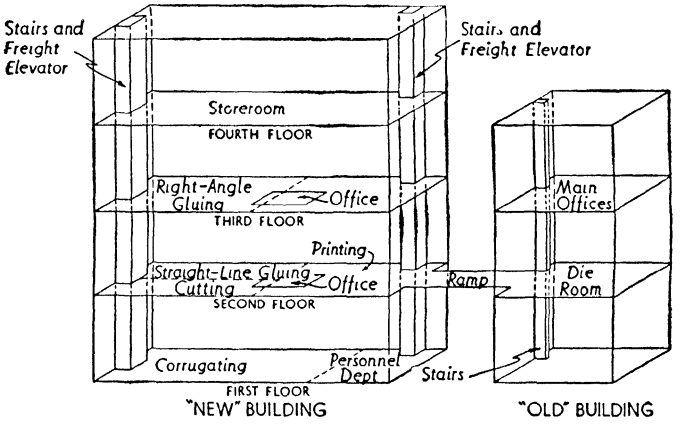
PARTIAL ORGANIZATION CHART



Dick Snow on the first shift, Gene Silvio on the second, and Arthur Wiggin on the third. On each shift, there were 10 pressmen, six "feeders," two "button boys," and seven "lumpers." Each pressman was responsible for "setting up" each new order on his own machine; that is, placing the printing dies so they would register accurately on the paper board. He was also responsible for the operation of his press; this work required continual attention to a number of critical factors: watching the flow of ink, eliminating deficient paper board, checking the register (accuracy of the placement of the printing), supervising the loading, feeding, and unloading of the paper board, and many others. The em-

EXHIBIT 2

COLEBROOK BOX COMPANY
SPRINGFIELD PLANT
SCHEMATIC DIAGRAM OF PLANT



ployees generally considered this to be the most skilled work in the factory.

The feeders stood on platforms at the side of the press and placed each sheet of paper board in position for the rotating cylinder of the press. This labor required steady repetition of a single motion. The feeder could stop the press in case of a jam; male feeders (about two-thirds were male) were authorized to make minor adjustments. Four of the presses were automatic and did not require manual feeding. Two of these required the presence of button boys to shut them off and make minor repairs when they jammed.

The lumpers operated electric and hand trucks which moved skids loaded with paper board to and from the presses. They also loaded and unloaded the paper board on the presses. The lumpers were expected to obtain information from routing cards and other markings on the boards telling where to move the board and how to stack it. One lumper was frequently designated "head lumper" without increase in pay or other change of status; in general, however, the lumpers took such orders and technical instructions as they received from all of the pressmen and foremen. Most of the lumpers were boys about 18 to 22 years old; a few were older men.

Through comments from Roger Nelson, Green got the following information about the printing department foremen: Harry Pernokas received his promotion to general foreman in September, 1946, when Mr. Bryce and Joe decided to have a general foreman in an effort to improve output and quality. According to Roger Nelson, "Harry isn't a craftsman like the others; he's an organizer. He's a forceful man, nervous—the kind that might give some the jitters. He used to own and manage a grocery store till the war started; then he sold out and went into factory work. He came to Colebrook as an inspector a few days after V-J Day, was promoted to second-shift foreman six months ago, and just got his last promotion this week.

"Dick Snow, the first-shift foreman, isn't as forceful as Harry. I was in there yesterday afternoon when Harry was explaining his new order book to Dick. Harry was pounding on the book and saying, 'Now we want you to keep looking in this book, and studying it, and to understand what it means, and if there's anything you don't understand, ask about it, and if there's anything you don't agree with exactly, come up and ask about that.' Then Dick would grin and say, 'Oh, you want me to do what it says here.' Then Harry would go back to pounding at him again. It was just as if Harry had been a steamroller and Dick had been laid flat after Harry got through."

During one of their first discussions, Nelson told Green that Mr. Bryce and Joe were planning to turn eight of the printing presses around so that they would feed toward the center aisle instead of toward the windows. Green happened to be at Nelson's desk one afternoon about two weeks later when Harry Pernokas came in with a roll of blueprints. "What are those," Nelson asked, "the plans for the new department layout?" Harry showed Nelson the blueprints, which concerned some-

thing else, and discussed them. When he had finished, Nelson asked, "You know, Mr. Bryce is planning to turn the printing machines around? The two automatics are the only ones that face the way they should."

HARRY: The two automatics are the only ones that are wrong!

NELSON: Why? The idea is to get them all to feed toward the center aisle. Don't you want that?

HARRY: The important thing about printing is the use of daylight for looking at the print. You get that now from the windows. Of course, you only get it half a day, but that is an advantage.

NELSON: Can't you use artificial lighting that is better than daylight?

HARRY: You can't get the same results from artificial lighting.

NELSON: You can get uniformity; it isn't good for just half the day.

HARRY: The artificial light interferes with the daylight.

NELSON: You could cut off the daylight entirely and get a complete uniformity and control of light. You could put the fixtures just where you wanted them.

HARRY: No, you have to have daylight.

NELSON: You better catch Mr. Bryce quick, then, because he's already planning to have the machines turned around.

HARRY: (*Moving away*): Yeah, okay.

Next to the printing department was the cutting department, with presses, similar in design to the printing presses, which operated cutting dies that cut the board according to the layout of the die room foreman. This department, like the printing department, had pressmen, feeders, and lumpers. It included also a crew of "strippers." As the board came off the cutting presses, the outlines of the individual boxes were perforated but the sheets were still intact. The strippers, using small hammers, broke up the sheets and stripped away the waste board from around each box. Handling the sheets in stacks of 50 or more, they were able to strip several hundred boxes at a time. The work required only enough manual skill to avoid damaging the boxes with the hammer.

From the cutting department, the boxes went either to the straight-line or right-angle gluing departments. In the gluing operation, the boxes were simultaneously glued and folded flat for packaging in car-

tons; they were then ready for shipment to the customers. Straight-line gluing received only those orders which required gluing along one edge. Right-angle received those which required gluing on two edges at right angles. Right-angle also received all orders requiring a wax finish, a cellophane window, or a box with top and bottom separate.

The straight-line gluing department occupied the remaining space on the second floor of the new building. It contained four gluing machines. These machines were waist high, 3 or 4 feet wide, and about 30 feet long. As the boxes passed through them at high speeds on a moving belt, adjustable cams folded the boxes, rollers glued the flaps, and other rollers glued the boxes together. The boxes passed out of the machines on an endless belt.

At the head of each machine stood a feeder who placed handfuls of boxes in the feed chute of the machine. The feeder was supposed to inspect the boxes to make sure they had not been damaged, and to place them carefully in the chute, in order to avoid jams in the machine. About three-fourths of the feeders were women. At the other end stood two or three "catchers" who took handfuls of boxes from the endless belt and packed them in shipping cartons. Most of the catchers were women. Male "casers" sealed and removed the cartons, stacking them on skids for transportation to the shipping department. On each shift a machine tender made adjustments and minor repairs to the machinery, cleared jammed machines, and gave occasional instructions to the feeders regarding the operation of the machines. There were about 25 employees per shift. The first-shift foreman, Abel Jansen, acted as general foreman of the department, supervising the second- and third-shift foremen and the head casers. Jansen usually worked through the first and part of the second shifts.

According to Nelson, Jansen had one of the best-organized departments in the plant, if not the best. Nelson said, "Jansen has no confidence in anyone but himself. He's meticulous, orderly, and a complete cynic. He has all the information he needs right at his finger tips. He did a very good job of training the second-shift foreman, and the quality of the department may possibly have been due to their teamwork. That foreman left the plant to take a job with another folding box factory a short while ago. Jansen has promoted the assistant foreman to take his place."

On the third floor of the factory, directly above straight-line gluing, was the right-angle gluing department. It contained 12 right-angle glu-

ing machines, three waxing machines, two machines which put cellophane windows on box tops, and one which stripped the wax off the gluing flaps of the waxed boxes, glued them, and folded them. It could be used also as a straight-line gluing machine. This equipment was scattered over a large floor space.

Right-angle gluing had a general foreman and three shift foremen. Its organization was similar to that of straight-line gluing; however, it contained an average of 42 employees per shift instead of 25. Because of the number and variety of machines, there were about eight machine tenders per shift. In addition to machine maintenance, their duties included helping the feeders and catchers in various ways: moving skids of board within reach, helping to pack and move cartons of boxes, and even sweeping around the machines.

Nelson told Green that the general foreman, Thomas Lannigan, "has been with the Hodge Company and the Colebrook Company, always in the same department, for many years. He began as a technical man but was put in as foreman and stuck in that job ever since. He has a very moralistic way of talking, no matter what he's talking about." On his first trip through right-angle gluing, Green saw a large sign, printed with a crayon on cardboard, "People who throw good things away usually end up without anything. Inspect the boxes carefully and save the good ones."

Relative status of the jobs in both these departments, as indicated by their basic pay rates, was as follows: at the bottom, the feeders and catchers on the gluing machines; next in order, the lumpers, strippers, casers, cutting machine feeders, printing machine feeders, gluing machine setters, cutting pressmen, gluing machine mechanics, and finally, receiving the highest base pay rate, the printing pressmen. Female labor received from 5 to 22 cents less for similar jobs; female machine workers usually had no responsibility for making minor adjustments, while men did. In general, the machine setters, mechanics, and pressmen received substantially more than the employees in the lower labor classifications. All pay was on a straight hourly basis.

The company had performed no formal methods studies of the various semiskilled and unskilled jobs; the new employees learned whatever skills were necessary by observation and practice.

Green decided not to look at the remaining departments, such as shipping, maintenance, and waste baling, believing that a closer study of the departments he had already seen would be sufficient.

Data on Absenteeism and Turnover

As a preliminary step, Green spent several days in the plant office compiling data on absenteeism and turnover. Some of the results were as follows: In right-angle gluing, only one employee showed a perfect attendance record; he had been employed two months; 51% of the employees had had one absence or less per month during 1946; 49% had had more than one absence. In straight-line gluing, four employees showed perfect records; they had been employed from one to five months; 50% had had one absence or less per month during 1946; the rest had had more than one.

A check of employee separation cards showed that about 80% of all separations occurred during the first four months of employment, beginning with 12% on the first day of employment, and about 30% during the first two weeks. Of the total separated, only about 5% were skilled help such as printing pressmen or machine tenders; the great majority were feeders, catchers, lumpers, and other types of departmental labor. However, many of those detached after the first four months were employees who had shown a rapid increase in their pay rate. Rough calculation indicated an annual turnover of about 200% among unskilled personnel in both gluing departments, about 250% in cutting, and 300% in printing. Few unskilled and semiskilled employees currently employed had been with the company more than three years.

Green's next step was to try to determine what some of the major factors were, which he could directly and specifically relate to the question of employee satisfactions and dissatisfactions.

Placement of Employees

One of the plant officials gave Green the following information about the process of hiring and placing new workers. When Joe Cordello decided to take on new employees in one of his departments, he notified the personnel department of the number of men and women he wanted, without specifying qualifications desired.

The personnel department included a director and five assistants; all six were women. Its duties included hiring new employees, operating the plant cafeteria, issuing safety shoes, assigning lockers, and so forth. The assistants were not familiar with the technical aspects of the operations in the factory. The head of the personnel department, or more fre-

quently one of her assistants, would give job applicants a brief interview; if they appeared suitable, the interviewers would send them into the factory, where they would report to Joe, one of the assistant superintendents, or one of the foremen. If a printing pressman, machine tender, or other skilled worker applied for a job, the personnel department would contact Joe or one of his assistants at once to arrange for an interview before the applicant was hired. Until recently this procedure had applied to all job applicants; however, the head of the personnel department had requested and received sole responsibility for the interviewing of unskilled workers.

The supervisor to whom the worker reported would assign the new employee to a machine with instructions to watch operations until he appeared to understand them and then begin work. New help frequently began feeding or lumping after an hour or two of instruction, getting whatever assistance they needed from the shift foreman or machine tender. The personnel department had prepared a pamphlet describing the factory and the personnel services, for distribution to new employees, but it was not being used.

The personnel department retained no responsibility for "following up" on the welfare of new employees. Bryce expected the foreman to carry the responsibility of following up on new employees, and frequently stressed the importance of this duty at foremen's meetings. He felt, however, that the foremen were not fulfilling their duty adequately—partly because they lacked time and partly because they had become discouraged at the prospect of trying to break in new employees who, it seemed, were likely to quit after a few days on the job, in spite of the foremen's efforts.

Thomas Lannigan, foreman in right-angle gluing, made the following comment to Green regarding the selection of new employees: "Before the war, we had a smoothly trained working force; everybody knew what he was supposed to do. That broke down during the war. We no sooner got one group trained than we would lose them and have to start all over again. We're still having a lot of that trouble. People come in for a while and then they're off again. They don't have to work yet, and they know it. During the depression, when there was a line of people standing outside waiting for work, you could go through the line till you found just the ones you wanted."

Harry Pernokas also commented on selection of employees: "Things are definitely getting better now; we're hiring fewer people. I think the

time is coming when we can use a little selectivity—just a little, anyway —in hiring workers. Why, I can remember when a man's leaving a job was an event. It took a real upheaval before a man would leave; he'd consider the pros and cons before instead of after. Oh, you might get a square peg in a round hole, a man who'd just taken the job till he could find something he liked better, but people did take their own ability and the character of the job into account. They didn't just quit because they could get 10 cents more an hour somewhere else. Yes, I think it won't be so long before we get some selectivity again."

By talking to employees and foremen and checking some of the time sheets which showed the number of jobs each employee had held daily during a period of one week, Green obtained the following information about the duties of the unskilled help after their original assignment to a machine, hand truck, or other job.

Transfers of Employees

In the printing department the feeders usually remained on one machine, working for the same pressman, for as much as a month at a time. Shifts from one machine to another happened occasionally, as when a machine was down for make-ready for two or three days and required no feeder. The button boys tending the two automatic presses had virtually permanent assignments. The lumpers, however, worked singly or in pairs, took orders from most of the pressmen and foremen, and got help frequently from overtime workers brought in from other departments. The composition of the lumping crew on one shift might change almost completely within two or three weeks' time.

In cutting, the assignment of feeders and lumpers was like that in printing. The number of strippers varied on each machine from day to day in accordance with the requirements of the job order; an easy job might require one stripper while an elaborate one took four or five. An individual stripper seldom worked on one machine more than a week. He was also subject to frequent duty lumping in any department or as a substitute feeder or catcher in either gluing department. The stripping crew took such orders as it needed from the superintendents, foremen, and cutting pressmen, as well as from the head stripper.

In the straight-line gluing department, a check of time cards showed no shifting of employees during one week on the first shift. On the second shift, however, daily adjustment was necessary to compensate for absent workers. The second-shift foreman usually requested one or two

workers to wait over from the first shift to fill any vacancies which might occur. If there were still vacant places, the foreman obtained strippers from the cutting department. The use of completely untrained labor occasionally made it necessary to run the gluing machines at very low speeds. The foreman was usually able to obtain as many as four employees from right-angle gluing on the floor above, as some of the specialized machines in that department were down daily for repair or for lack of orders. Occasionally an overload of work in right-angle gluing coincided with a slack period in straight-line; in this event, the superintendent or foreman would send strippers from cutting, and feeders and catchers from straight-line, to the third floor for temporary duty. When an exchange took place either way, the shift superintendent made the arrangements with the department foremen.

The foremen could also reduce the number of hands needed to catch and case at any machine by slowing the machine, and frequently had to do so. When an employee returned after an absence, whether excused or unexcused, or arrived late for work, he lost claim to whatever machine he had been operating. Thus, over a month's time, the 25 employees on the second and third shifts were likely to have a complete change in their working contacts, with the exception of the supervisory personnel and the machine tender, who remained in more or less continual contact with all the employees.

In the right-angle gluing department, the check of time sheets showed only seven machines at which there was no exchange of workers during one week on the first shift. According to the assistant superintendent, the machines were so designed that they could take only certain sizes and types of orders; frequently there were no such orders available, or else the factory could not obtain the paper board, laminated board, or cellophane necessary to fill them; these factors, together with necessary repairs, caused considerable machine idleness and necessitated the shifting of help, all of whom could operate at least two or three of the machines. At the beginning of each shift, the foremen usually spent from five to fifteen minutes distributing the available employees among the machines for which there were orders scheduled. As in straight-line gluing, tardy workers, or those who had been absent, lost priority. The machine tenders usually serviced the same group of two or three machines; however, the foreman occasionally transferred them temporarily to substitute for absent feeders and catchers. According to one employee, "Some of the machine tenders were just taken off the floor and trained.

They're supposed to keep the machines running and they're also supposed to help us stack boxes and do that sort of work. Sometimes they help break in new people. A few of them won't help, but most of them are pretty good about it and help the girls a lot—they work together."

In the course of conversation with Mr. Bryce, Roger Nelson, and some of the foremen and help, Green heard the following comments about the shifting of workers from one machine to another and from one department to another.

STRAIGHT-LINE GLUING, FEEDER: I like working on the second floor better myself. I don't think there's much difference in the work. But you like to stay with your friends. It's just what you are used to, I guess. . . . I think I'll be regularly assigned to No. 1 Machine now, but I'm not sure. . . . Ralph is our foreman, and Jansen is his boss. If they're not around, I go to Ernie, the machine tender, when I need help. (*Pointing to the assistant superintendent*) I don't know who that is—the plant manager, or somebody.

RIGHT-ANGLE GLUING, FEEDER (30 months' service): I get shifted all over the department—why, I don't know. I don't mind it except that there are some machines I don't like. Especially the two cellophane machines. Lannigan is our big boss. I don't know any of the people in the front office. Who's Roger Nelson?

RIGHT-ANGLE GLUING, FEEDER: I've been on this machine about a month, I guess. It isn't bad. That No. 5 is an awful one. I don't like to work on it. It keeps you too busy.

STRAIGHT-LINE GLUING, SECOND-SHIFT FOREMAN: At 4:30 I'll get four people from upstairs. That kills me, though. The machines run slower up there, and when some of the people have worked down here on these machines for an hour, they're dead. I won't get the same people they sent last time. If they sent the same four every time, they'd probably quit.

THOMAS LANNIGAN: When there isn't enough work to do here, we often send people downstairs to help in straight-line gluing and other places. But there's usually one out of every four or five that doesn't want to—they're used to working in one place and don't want to go anywhere else. You can explain to them that it's all one company, and that it doesn't make any difference whether they make money on the second floor or on the third floor, but you just can't convince them. I don't like to send a crew downstairs because half of them are likely to quit before I get them back again. It upsets the organization.

SECOND-SHIFT JOE: We have to shift the girls around a lot, but the various machines are very much alike and the girls don't mind it.

MR. BRYCE: In right-angle gluing, you have to keep shifting people around. If the girls can just keep doing the same job, they don't mind it. They don't like to be transferred to the second floor, though—if that happens too often, they quit. There's one machine, No. 5, that can do exactly the same job as the machines in straight-line. The girls don't mind working on that machine. Yet they don't like being sent to the second floor to do the same work. It's funny.

ROGER NELSON: We'd like to feel that we could shift them, but they just don't seem to like it. It's their group loyalty. They don't give a damn about Springfield or the Colebrook Box Co., but hurray for the old third floor!

Employee Incentives and Attitudes

While he was obtaining information about the assignment and transfer of employees among various jobs, Green was also looking for other material relating to employee satisfactions. With regard to formal work incentives, he found that the corporation operated a Retirement Annuity Plan, to which both the company and its employees contributed; also, a Management Profit-Sharing Plan. About 60 employees of the company participated annually in the profit-sharing plan. The contract which the Springfield plant management had signed with an independent printing pressmen's union guaranteed certain overtime and holiday pay privileges, one week's vacation with pay for employees of one to five years' service, departmental seniority, a shop committee for handling grievances, and a grievance procedure. The plant management was setting up an employees' credit union and had encouraged some of the help to form a bowling league. Mr. Bryce had also posted a sign on the tennis court which the company maintained on a lot adjoining the plant, permitting the employees to use it.

Several of the employees made the following comments to Green about their attitudes, and the attitudes of others, toward their jobs:

RIGHT-ANGLE GLUING, FEEDER: Believe me, I only work because I have to. I have children, like most of the women here do. I don't know much about the others, but I'm divorced and live with my sister-in-law. She's divorced too. She works on the first shift and I work on the second. This will be the first week in a hell of a long time that I've worked all

week. If I told them the truth about why I'm off, they wouldn't believe me, so I might as well lie about it—but most of it is because of the children. There are some things you have to do for them, and you know they can get along without you here. I don't know much about the other girls. I think the younger ones are probably working because they want something—maybe money to pay hospital bills. They probably don't expect to stay on. I don't see anything of them outside the plant. I don't know their business and they don't know mine. Not that I have anything to conceal, but it's better that way. The bowling league? No, that's not for me. That's getting exercise the hard way.

STRAIGHT-LINE GLUING, FEEDER: I'm working to earn enough money to buy a car. I'm going to stay on here till I finish metal trades school and then take a job where I can be on my own—where there's something new every day. It's the monotony of this job that gets you. I wouldn't mind it if I had somebody to talk to. The girls on the other end of the machine can talk to each other. As long as they can gab, they don't mind anything. How could the company relieve the monotony? I'm sure I don't know—so far as I'm concerned they could set up a floor show. I'm perfectly content with whatever work they give me, just so long as I can look forward to the time when I'll be on my own.

RIGHT-ANGLE GLUING, CATCHER: You know, I'd just like to get away from Springfield for a while. It's the monotony of this job. I've been on it about a year now. You'd better not move around unless you know two or three things. I like restaurant work, but this is better, because there's no one bothering you. This is very peaceful. Of course, your associates do liven up the job. We have a lot of fun. This isn't so bad. When Thursday comes, you know that you're going to have a roof over your head for another week. There's one thing that is very interesting. All these people here, after work they're strangers. While they're here, we're all one big happy family, but when work stops, they're all strangers again. Perhaps that's as it should be.

SECOND-SHIFT FOREMAN: There are three workers here I can really count on. One of them's married and has five kids. Another has four kids. Her husband works too. The other one's just a kid. She left school because she didn't like it and went to work. She doesn't need the money. She's engaged anyway.

In addition to talking to some of the employees, Green also asked Roger Nelson what the incentives were that kept people on the job in the factory. Green mentioned what Joe had said to the effect that there

was enough opportunity in the plant that anyone with drive could work his way up and take advantage of it. Nelson answered, "The work is low paid in comparison with some of the other industries. But what Joe said is true. I couldn't say how many openings there are. We need good men everywhere. Sometimes we don't even get enough men showing up for work to operate the machines."

GREEN: Then any worker starting here, even if paid lower than other industries, has that incentive to stay and work up?

NELSON: That's right. Of course we don't offer any incentive pay system, just the straight hourly wage.

GREEN: How are vacancies filled when they occur?

NELSON: The usual custom is for everybody to advance one, and a new man is hired at the bottom or else the position at the bottom is left open.

To check the effectiveness of the promotion policy as stated by Nelson, Green studied the employees' pay records from 1944 to 1946, looking at records for about 50% of the total plant personnel. In the printing department, three employees had been promoted from departmental labor to the classification of printing pressman since 1944, while 11 employees had been hired from outside the plant to work as printing pressmen. In the cutting department, one employee had been promoted to the classification of printing pressman since 1944, and two had been promoted to the classification of head stripper; four employees had been hired from outside the plant to work as cutting pressmen. In straight-line gluing, there had been no promotions since 1944 from departmental labor; an assistant foreman, a machine setter, and a machine operator had come in from outside. The operator had been promoted to foreman. In right-angle gluing, five machine setters and four assistant foremen had been promoted from departmental labor. Seven machine setters had come in from outside the department.

On reviewing these figures, a company official pointed out that they did not give any picture of the rate of promotions above the lowest grade of pressman. He emphasized the fact that the chance of a pressman to move up in grade was considerably greater than the chance of a departmental laborer to jump to the lowest grade of pressman.

Green also discussed the question of promotion with the foreman of straight-line gluing, who said, "There's no opportunity among the women. They begin at 60 cents and work up to 70; that's as high as they

get. The men begin around 70 and work up to 83, and that's as high as they get. They never get transferred into another department where they can go higher, because of the departmental seniority."

One of the right-angle gluing foremen also said: "I have no assistant foreman, but I'm looking around for one. There are several people that we might use, but they don't seem to want it. They're afraid of the work—they'd have to look after their machine and help me too. I have one fellow in mind, but I'm not sure whether he wants it or not. I haven't spoken to him about it yet. It may take some time to get him interested. Meanwhile, when we're on a full production schedule I really have to run around."

Commenting on the data Green had compiled on labor turnover, which showed that a considerable number of employees who had had several rate increases had subsequently left the plant, Mr. Bryce said, "You often find that these fellows who have a lot of rate changes are on the way up—they're ambitious. They're in such a hurry to get up that they don't learn each job they're doing well. Then when they get up to a certain point and are still climbing they find they've overreached themselves."

QUESTIONS

1. What do you make of the fact that James Bryce, being disturbed by absenteeism and turnover among the employees, asked his assistant "to pay a visit to a local firm of management consultants . . . [to] ask their help in setting up a foreman program in order to cope with these problems"?
2. What significance do you see in the fact that Bryce and Cordello attributed the dissatisfaction of the workers "to the general unrest following the war and to the ease with which the help could pick up other jobs or draw unemployment compensation"? In view of this conclusion on their part, what do you make of their belief that "the way to handle this problem was to teach the foremen how to handle the new help well enough so that they would stay on the job"?
3. What significance do you attach to the fact that two-thirds of the employees working in Holyoke had moved with the company?
4. What do you think is the significance of the machine tender's remarks to Green about the Hodges?
5. What do you make of the statement of one of the officials which starts, "You know, some of the things that seem big to us here seem very little to top management"? Do his views have any bearing on the problem of high turnover and absenteeism?
6. Why, do you suppose, had the home office failed to indicate who would replace Mr. Dekker as plant manager? What difference, if any, do you think

their failure to do so would make to anyone connected with the Colebrook Box Company?

7. How do you account for the fact that absenteeism and labor turnover were "virtually nonexistent" in the die department?
8. What do you think of the capabilities of the various foremen? Is it desirable to be "forceful," like Pernokas? Or a "cynic," like Jansen? Or "moralistic," like Lannigan? Why?
9. What is the significance to you of the conversation between Nelson and Pernokas about the facing of the printing presses? Should either man have done anything after the conversation? If so, what?
10. What do you make of the statistical data relating to separations? Do they give you any clues as to the causes of high turnover?
11. What do you think of the placement, orientation, and placement procedures used? Considering them and the way in which workers were transferred, what assumptions do you think Mr. Bryce and other officials were making about (*a*) the jobs and (*b*) the workers?
12. What do you make of the statements of Bryce and Nelson about shifting the workers around? What do these remarks reveal about (*a*) the employees and (*b*) Bryce and Nelson?
13. What is the significance to you of the following remarks of employees:
    a) "I only work here because I have to"?
    b) "You know they can get along without you here"?
    c) "I wouldn't mind it if I had somebody to talk to"?
    d) "Of course, your associates liven up the job"?
14. What do you think of Mr. Bryce's remarks at the end of the case?
15. What do you think is the cause of absenteeism and high labor turnover here? What do you think should be done? Are there any obstacles which might prevent Mr. Graham from making recommendations like yours?

From *CRUSADE IN EUROPE**

by

DWIGHT D. EISENHOWER

Concerning the origination of plans and decisions: it is my conviction that no commander could normally take oath that a particular plan or conception originated within his own mind. Preoccupation with the concerns of his command are such that it is impossible for any person later to say whether the first gleam of an idea that may eventually have developed into a great plan came from within his own brain or from some outside suggestion. One of his problems is to keep his mind open, to avoid confusing necessary firmness with stubborn preconception or unreasoning prejudice.

* New York: Doubleday & Co., Inc., 1948, p. 256. Copyright 1948 by Doubleday & Co., Inc. Quoted by permission of the publishers.

THE CASE OF THE APPLICANT'S CHECK*

". . . The check was given during the rush of business and through an oversight the applicant's[1] bank account became overdrawn. Shortly after this was discovered, the applicant deposited additional funds in the bank. The check was not again presented at the bank, and had it been so presented it would have been paid. The applicant was advised by an employee of the bank that the check was returned because of insufficient funds, but he assumed that it was later presented and paid, since he heard nothing from the holder thereof until he was arrested approximately two weeks later . . . upon a charge of giving a worthless check. . . .

"The circumstances surrounding the applicant's arrest and conviction are believed to be extenuating. . . ."[2]

QUESTIONS

1. What assumptions in this case seem to have been made by the following:
   a) Applicant?
   b) The bank employee?
   c) The holder of the check?
   d) The court which convicted the applicant?
2. What do you think is the validity of these assumptions. What, if anything, do they reveal about the people who made them? What concepts of responsibility in action do each of the above have?
3. What do you think the facts of the case reveal as to the administrative capacities of the applicant? The bank employee? The payee?
4. Did anyone here take a "proper interest" in anyone else? Are these "good" people?
5. What assumptions and reasoning are implicit in the FCC's conclusion?
6. If you had been a member of the Federal Communications Commission what would have been your judgment as to this episode? In what way, if at all, would this judgment have entered into your personal decision as to whether a broadcasting license should be granted to this applicant?

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[1] The term "applicant" in this case refers to a man who had applied for a license to operate a radio-broadcasting station. The check episode related to a private transaction and occurred some time before the drawer of the check filed his application with the FCC. The quotation is an excerpt from the decision of the FCC in the case.

[2] *Source: Federal Communications Commission Reports,* Vol. VII, pp. 111, 112.

But let your communication be, Yea, yea; Nay, nay: for whatsoever is more than these cometh of evil.

—MATTHEW 5:37

CRANSTON COMPANY*

The Cranston Company[1] manufactured a varied line of precision measuring devices and equipment. Most items were standard and listed in the catalogue of the company; others were made on the basis of specifications provided by customers. Sales of the company, recognized as the leader in its field, expanded tenfold during the war to about $30 millions, and its personnel increased correspondingly. By the fall of 1944 the plant was operating seven days a week on three shifts with approximately 3,500 employees.

The works manager of the company had several line and staff departments reporting to him, two of which are of particular concern in this case. The production department was the line department handling manufacturing. The production control department was a staff department assisting the works manager in the planning of operations. This department had no direct line control over the production department. Aside from the original scheduling of orders as they came to the plant, the most important work of the production control department was to insure, so far as possible, that materials flowed to the assembly departments on their required schedules. It was the task of this department, which greatly expanded during the war, "to establish and maintain production" for each order as it progressed through the production departments. In its over-all function of scheduling, it had substantial control over plant operations, and on a day-to-day basis it was the final authority on all questions involving priority of orders.

An almost infinite variety of things could cause production delays: tardy delivery of purchased material; lack of tools, gauges, or other equipment; machine breakdowns; unskilled machinists who spoiled work; improper scheduling, and so forth. In order to get out production under war conditions, the production control department had to watch for the appearance of these troubles. To keep assembly lines in full operation, schedules frequently had to be changed. The production control department learned by experience that change in the schedule of a particular department caused serious unforeseen problems both within

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[1] All names have been disguised.

that department and in its relations with other operating departments. In addition to the problem arising out of wartime flow of materials, normal production failures were intensified by the large number of new personnel, many of whom were inadequately or improperly trained for the jobs they had to do.

In the fall of 1944 Edward Cutler was head of the production control department and had working under him a staff of 140 people, consisting of 10 assistant supervisors, 4 group leaders, 40 office workers, 15 factory clerks, and 71 expediters. The office workers and clerks were engaged in establishing and following production schedules. The expediters' responsibility was to know what parts were not progressing according to the requirements of the assembly departments. Each type of equipment manufactured by the company was assigned to one or more of these expediters who were familiar at all times with individual orders, schedules, and production problems. Skillful expediters could find out rapidly the basic cause of any trouble and, through their familiarity with the detailed operation of the plant, and by their ability to work effectively with others, were able to get the proper action. Generally they were expected to deal directly with the individual foreman involved in the producing department; sometimes, where the problems affected several departments, they worked through their production control supervisors or group leaders. Often, however, they were able to take care of the problem themselves if they understood it clearly. They were continually moving through the departments on their jobs. Although the production control supervisors were usually working in the same departments with the expediters, the supervisors expected expediters to use their own initiative and to work with little detailed supervision.

The Cranston Company paid expediters from 70 to 80 cents an hour, depending on their skills. In addition, the company gave them a group bonus which amounted to about 25% of their base pay. The company believed that the bonus, based on the total volume of shipments of the plant, furnished an important incentive to obtain skillful work from the expediters.

To find men with "sufficient integrity and willingness to work" as expediters was, Mr. Cutler felt, very difficult. Over a period of time and under normal circumstances it was almost always possible to train a "good" man for the job, but as the war progressed it became increasingly difficult to find such men. However, Cutler was constantly on the alert, looking through the plant for men who might be transferred and who might qualify for the job of expediter.

A chance to transfer two workers came to Cutler when one of the production departments changed its operating methods and found it could dispense with two clerical workers. In looking over the staff of that department, he found that two shop clerks, Flint and Kane, seemed to have the personal qualifications and sufficient familiarity with the duties of expediting to become expediters themselves. Normally, since they were senior employees in the department, Cutler would not have considered requesting this transfer. However, he felt the opportunities for their advancement and higher pay in the production control department were greater than in their present department and would offset any disadvantage involved in such a transfer.

Even though the production control department was expanding and Cutler needed several expediters, he felt the acquisition of two new men would give him a chance to get rid of one expediter, William Edmonds, with whom he had been having almost constant trouble. The only reason he had not already discharged Edmonds was that the department had such a critical need for expediters; he thought that even a very poor worker was better than none.

Cutler talked over his plan to transfer Flint and Kane with John Pratt, the foreman of the operating department concerned, and together they discussed it with the two clerks. They realized that the two men were earning 90 cents an hour on their current job. The new job under Cutler paid only 70 cents an hour starting rate, but there was an opportunity to earn a bonus which would bring the total earnings to 90 cents or more. Most beginners had succeeded in earning at least 90 cents and for that reason Cutler believed there was no risk for Flint and Kane in accepting the transfer. Cutler also thought that the bonus would appeal to these two men and that in all probability they would earn more than 90 cents an hour. Flint and Kane were willing to try the job for a month's training period to see if they could do it, but they asked the company to continue them at their current rate of pay. Cutler was puzzled by their request and asked the men to explain. They stated that at the end of the training period they hoped to be classified not as beginners but in a second-class group which had a 75-cents-an-hour base rate plus the opportunity to earn a bonus. They thought the chances of being reclassified to the second-class rate after a month as a beginner were not great, and therefore they preferred their own proposal. Cutler agreed with their argument and was willing to do what they asked.

In talking to the case writer after the events set forth in this case, Cutler said he had been concerned and worried about William Edmonds

for some time. When he had first hired him in 1942, Cutler had had his doubts about Edmonds' suitability to the job because the man did not seem to be interested in manufacturing operations and had applied for a job at the Cranston Company after his draft board had suggested his working in a war plant. His previous experience had been limited to driving a delivery truck for a grocery store. When he had applied for a job at the Cranston Company, he had been very quiet and had made no effort to "sell himself" to Cutler. However, even with his lack of experience, Cutler said he had "given him a chance because he seemed likable and the company had been shorthanded at the time."

Edmonds had worked at first with one of the experienced employees for several months and, although he was not outstanding in any way, Cutler said he had seemed suitable for the work. Later, after Edmonds started working by himself, some of the production control supervisors noticed that he not only did not seem to want to work hard enough to advance in the department, but he did not even want to do a "reasonable day's work." His supervisor, William Farnum, watched him closely and weighed his accomplishments carefully against the others doing similar work in the department. It seemed to Farnum that he was unwilling to work. This continued for several months; ultimately Farnum felt obliged to report him. At that time Farnum suggested that Cutler have a talk with him. Later, in summarizing his conference with Edmonds, Cutler told Farnum:

"I opened my conversation with him in as pleasant a manner as I could to set him at ease so that he would not suspect anything. I asked him how he was getting along, how he liked the company, the work, and his fellow employees. He did not talk much, but did not seem to have any 'gripes' and he said that he thought everything was going along all right. I then tried to familiarize him with the problems of operation under present war conditions and to impress upon him the great need for increased production of war goods. I told him good production depends on good expediting work, so that the army and navy goods can be shipped on time. After I had made these points as strongly as I could, I asked him again if he had any problems he wanted to discuss with me —whether there were any questions regarding his duties, or if he felt in any way that his training period had been too short. He still had nothing to say except that from his point of view everything seemed to be going along all right. I then dismissed him with the remark that if

anything came up I would be glad to talk to him about it. I don't think, however, I got anywhere with him. He didn't open up and you had better continue to watch him pretty closely."

During the next two months Edmonds' work seemed to take a turn for the worse. Farnum believed that, no matter how he handled him, Edmonds tried to do less and less work, and on one occasion he practically refused to carry out an assignment that Farnum gave him. As a result of this, Mr. Cutler talked with him again and cautioned him on his "attitude and apparent lack of respect for his supervisor." On this occasion Cutler reported to Farnum that Edmonds seemed to be sorry and said that he would try to do better.

Although Edmonds worked more conscientiously for a short period, Mr. Cutler said he continued to be a problem. Cutler pointed out that on numerous occasions Edmonds took time off without permission and never offered any explanations. Once when Farnum was looking for him to do an important job, he discovered that Edmonds had left the plant on a personal errand and had failed to ring out his time card.

Cutler observed that Edmonds had become the ringleader of a group of the employees who were by no means first-class workers, but were rated higher than he. He drew them from their work just to talk and pass the time of day, so that a small group of them huddled together in a corner of the plant became a familiar sight. Whenever a card game was in progress at lunch time, Edmonds participated, and somehow, it seemed to Cutler, it was the group with which Edmonds was playing that did not break up promptly to return to work.

Cutler had to reprimand him almost constantly for his infractions, and after each reprimand Edmonds promised to improve; for a little while he would, but never for very long. Again Cutler would have to speak to him. Remonstrances and postponed promises continued so long that finally Cutler told Edmonds that if he had to speak to him again, very probably it would be to discharge him.

Some time later, in November, 1944, shortly after the company returned from a 56-hour to a 48-hour week, about 40 men, mostly expediters, without warning came into Mr. Cutler's office. Edmonds was in front and seemed to be acting as the leader of the group. When the group quieted down, Mr. Cutler said, "Well, boys, what's on your mind?"

EDMONDS: What are you going to do about this drop to 48 hours a week?

CUTLER: What do you mean?

EDMONDS: Well, we'll be making less money now, and you can't expect us to be satisfied with that.

CUTLER: All of you men know that the 56-hour schedule was a temporary measure until we could meet our production commitments. You can't expect the company to compensate with a rate change for a drop in hours from a temporary and abnormal work week to the usual 48-hour overtime work week. We are all paid a higher wage average than any other plant in this area and I can't believe that all of you men feel—

EDMONDS: I understand that some men are getting more for this job than the wage range calls for. What's the big idea?

CUTLER: What makes you think that some men are getting more money than the job calls for?

EDMONDS: I know it. I saw the pay envelope of one of the men and asked him what his rate was when I saw that he was getting more money than I was for the same hours.

CUTLER: You should know better than to question a man on his earnings. That is his private business.

EDMONDS: Why? Are you afraid we'll find out something?

CUTLER: I can assure all you men that there is no one in the department getting more money than the wage range allows for an expediter's job.

EDMONDS: Then you don't know what's going on around here because this man told me he was getting 90 cents an hour.

CUTLER: I'm sorry this has happened, but I have a feeling that an explanation of it will help us understand each other's problems. I think you will agree with me. You all know that we are always in need of good expediters. Recently I had a chance to try out two men from Mr. Pratt's department. At their request we started them here at their old rates without any bonus. After the trial period their rates will either be adjusted to the rates for this job or they will go back to their old jobs without any pay change. I think you will all agree that this is a fair arrangement.

Now, that is not the particular point I want to bring out. In a large organization like the Cranston Company it is easy to hear disturbing rumors of one sort or another. For you men who are new, please understand that the company is trying to do everything possible to have the rates equal. If you feel there is some injustice, all you have to do is to

see me. I'll do all I can about it. Do not depend on some other worker for the answer. Also, if some worker tries to draw your attention to a supposed inequality, tell him to talk it over with his supervisor—

EDMONDS: What are you driving at?

CUTLER: Please let me finish. If you are drawn into a group such as you were today, you invariably lose out. You were taking the word of a man who didn't have the correct facts. His work has been falling behind, and he is likely to hinder your progress if you continue to listen to the type of story he tried to have you believe today. If he had utilized his time to better advantage in doing the work for which he is paid instead of peddling incorrect facts about someone else's business, he might become—

EDMONDS: Well, I can see that I'm not wanted around here. I'll be damned if I'm going to work here any longer.

CUTLER: If that's the way you feel and don't want to work here any more, I'll make out a termination slip for you right away.

EDMONDS: O.K., make it out right now, but I don't want to stick around here waiting for my money, so don't try to stall me.

CUTLER: You clean out your locker and get your belongings together. Meet me at the paymaster's office in 10 minutes. We'll have your money for you.

EDMONDS: O.K. To hell with the bunch of you. *(He slammed the door as he left the office.)*

CUTLER: You can see, fellows, that Edmonds should have come to me if he thought that something was wrong. If he had used good judgment, all of this wouldn't have happened and he would still have been working here. Everyone here knows how lenient and willing we have been to bend over backward to keep Edmonds on the payroll. However, there is a limit to what we can tolerate. Whatever you do, don't get roped in on any "gang demonstrations" again. If you have a question or something that doesn't strike you as being on the up and up, please see me about it. If I don't satisfy your demands and straighten things out, you can always go higher. But first, let's talk it over and give each other a chance. I know you fellows probably feel funny about getting into this. I realize how you got roped into a mob situation. You don't necessarily agree but you hate to say "No" when they ask you to follow the mob, because you are afraid of being an "outsider." I see plenty of men here who I know do not agree with what Edmonds was saying, but you followed him here because you didn't want to be left out. So let's break

it up and get back to work. If anyone still has a problem, drop in and see me, and we can talk it over.

Mr. Cutler said that during the following week practically all the men who had been at the meeting found some excuse to explain to him that they did not feel the way Edmonds had apparently felt. In general they said that Edmonds had more or less coaxed them into coming to the meeting by saying, "Everyone is going up to his office and we all expect you to come, so be sure and be there." They explained that they did not want to be against the crowd, and anyway it had all happened so fast that they could not give it much thought. Many of them supported Mr. Cutler by saying also that they were glad he had not backed down when Edmonds threatened to quit, as they felt they were better off without him.

Although Mr. Cutler had always felt that he had the department behind him, he wondered whether he had taken care of the situation completely and whether it had any significance other than that which he had given it.

QUESTIONS

1. What responsibility, if any, had Cutler (and the Cranston Company) and William Farnum each incurred toward Edmonds during the course of the several months that Edmonds worked with one of the experienced employees? What responsibility, if any, had Edmonds incurred toward Cutler, the company, and Farnum during this time?
2. During the "several months" after Edmonds began to work by himself, to what extent did the various parties fulfill their responsibilities (if they had any) toward each other?
3. What do you think of the fact that Farnum felt obliged to report Edmonds, after he (Farnum) had watched Edmonds closely for several months?
4. Why, do you suppose, did Cutler open his conversation with Edmonds following Farnum's report "in as pleasant a manner" as he could so that Edmonds "would not suspect anything"? What was it, do you think, that Cutler did not want Edmonds to "suspect"? What, do you suppose, might have been Edmonds' reaction to the way Cutler opened this conversation?
5. To what end did Cutler try to familiarize Edmonds at this time "with the problems of operation under present war conditions" and to impress upon him "the great need for increased production of war goods"? What, do you suppose, was Edmonds' reaction to these points and to the point that "good production depends on good expediting work"? What do you suppose was Edmonds' reaction to Cutler's question as to whether he (Edmonds) "felt in any way that his training period had been too short"?

6. What did Cutler mean when he said, of this conversation with Edmonds, "I don't think, however, I got anywhere with him. He didn't open up. . ."? Why didn't Edmonds "open up"? Did Cutler "open up"? Why, or why not? What do you think of Cutler's instructions to Farnum: "You had better continue to watch him pretty closely"?
7. During this conversation, did the two men, in your opinion, fulfill their respective responsibilities (if any) toward each other and toward various others who might be concerned? Why, or why not?
8. What do you make of that fact that, following this conversation with Cutler, Edmonds' work "seemed to take a turn for the worse"?
9. What do you think of the course of events wherein Cutler "had to reprimand . . . [Edmonds] almost constantly for his infractions. . . ," and wherein "remonstrances and postponed promises continued so long that finally Cutler told Edmonds that if he had to speak to him again, very probably it would be to discharge him"? Why didn't Cutler give Edmonds this warning sooner than he did?
10. What do you make of the fact that Edmonds came to be a ringleader "of a group of the employees who were by no means first-class workers, but who were rated higher than he"? Of the fact that Edmonds appeared to be the leader of "about 40 men, mostly expediters" who came into Cutler's office? What qualities or characteristics do you think Edmonds had which permitted him to become a leader of any group? Do you think that these characteristics could have been channeled in such a way that he might have become a more co-operative member in the group of expediters? By whom? How? On whom, in your opinion, does the responsibility fall that they were not?
11. What do you think of Cutler's response when Edmonds said, "I'll be damned if I'm going to work here any longer"? Is this a responsible response? What is conveyed by the word "if" in the phrase, "If that's the way you feel and don't want to work here anymore . . ."?
12. What you you think of Cutler's remarks to the rest of the group of about 40, after Edmonds had left the office, slamming the door?
13. What do you make of the fact that in the week following the episode in Cutler's office, "practically all the men who had been at the meeting found some excuse to explain to him (Cutler) that they did not feel the way Edmonds had apparently felt"?
14. What do you think of the statement of these men that Edmonds had "more or less coaxed them into coming to the meeting by saying, 'Everyone is going up to his office and we all expect you to come, so be sure and be there' "?
15. As of the end of the case was there any problem? If not, why not? If so, what should anybody do about it, if anything?

EXODUS 18 : 13–26

And it came to pass on the morrow, that Moses sat to judge the people: and the people stood by Moses from the morning unto the evening.

And when Moses' father-in-law saw all that he did to the people, he said, What is this thing that thou doest to the people? why sittest thou thyself alone, and all the people stand by thee from morning unto even?

And Moses said unto his father-in-law, Because the people come unto me to enquire of God:

When they have a matter, they come unto me; and I judge between one and another, and I do make them know the statutes of God, and his laws.

And Moses' father-in-law said unto him, The thing that thou doest is not good.

Thou wilt surely wear away, both thou, and this people that is with thee: for this thing is too heavy for thee; thou art not able to perform it thyself alone.

Hearken now unto my voice. I will give thee counsel, and God shall be with thee: Be thou for the people to Godward, that thou mayest bring the causes unto God:

And thou shalt teach them ordinances and laws, and shalt shew them the way wherein they must walk, and the work that they must do.

Moreover thou shalt provide out of all the people able men, such as fear God, men of truth, hating covetousness; and place such over them, to be rulers of thousands, and rulers of hundreds, rulers of fifties, and rulers of tens:

And let them judge the people at all seasons: and it shall be, that every great matter they shall bring unto thee but every small matter they shall judge: so shall it be easier for thyself, and they shall bear the burden with thee.

If thou shalt do this thing, and God command thee so, then thou shalt be able to endure, and all this people shall also go to their place in peace.

So Moses hearkened to the voice of his father-in-law, and did all that he has said.

And Moses chose able men out of all Israel, and made them heads over the people, rulers of thousands, rulers of hundreds, rulers of fifties, and rulers of tens.

And they judged the people at all seasons: the hard causes they brought unto Moses, but every small matter they judged themselves.

A BOMBER RAID OVER THE RUHR*

In 1943, I arrived as a replacement navigator at St. Botolph-over-Tyne, a Royal Canadian Air Force heavy-bomber base in East Anglia.[1] I was one of a fairly large group of air crew replacements which included pilots, bombardiers, navigators and gunners. All of the squadrons at this base had suffered substantial casualties, and some air crew members had been grounded for any one of a number of reasons, including "combat fatigue." We replacements were to bring the squadrons on the base back up to strength. Groups of replacements and individual replacement air crew members arrived at the base more or less regularly. Some of us were assigned to crews who had lost one or more members. Others of us were assigned to newly constituted crews. Most of the newly constituted crews included at least one member—sometimes two or three—who was one of only two or three men left out of a crew which had been pretty badly shot up. Some of the crews which had been flying combat missions had been shot up to such an extent that the squadron commanders and the squadron operations officers didn't want to rebuild them with replacements, but assigned the surviving members to newly constituted crews. In the crew to which I was assigned, the pilot and two of the gunners, in addition to myself, were "green" and had never flown any combat missions. The others had flown at least a few combat missions.

We had a few training missions so we could learn how to operate and fly together as a crew and for the special training of the pilot and myself. Our first combat mission was in a "thousand plane" raid over a town in the Ruhr. I was excited and afraid—mostly afraid. After the briefing we didn't talk much. Actually, as it turned out, the mission wasn't too bad, and our squadron lost only one plane and had only superficial flak damage on a couple of others.

But this is the case I wanted to tell you about. One of the gunners—one of the "green" ones—took along a brick on this mission. After we had dumped our bombs, he threw this brick down through the open bomb-bay doors. As I remember, he yelled something like,

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[1] This case is based on the recollections of a student at the Harvard Business School as recounted to an instructor. All names have been disguised.

"There, you lousy kraut b———s!" I don't know why, but all the rest of us in the crew were disgusted. After we got back several of us spoke about it, and as we did we got madder and madder. We wouldn't talk to the gunner. The bombardier said he just wouldn't fly with that gunner any more and the pilot and I and one of the other gunners felt the same. The pilot told the squadron operations officer about what happened and how we didn't want this man in our crew any more. The operations officer said that was ridiculous. So we—the pilot, co-pilot, bombardier, myself, and one gunner—went to the squadron commander and told him about what happened and how we felt. He agreed. He said the man who had thrown the brick down was a "disgrace to the squadron and the whole R.C.A.F." The next day we got a new gunner.

From *MOBY DICK**

by

HERMAN MELVILLE

. . . it is a thing most sorrowful, nay shocking, to expose the fall of valor in the soul. Men may seem detestable as joint stock-companies and nations; knaves, fools, and murderers there may be; men may have mean and meagre faces; but man, in the ideal, is so noble and so sparkling, such a grand and glowing creature, that over any ignominious blemish in him all his fellows should run to throw their costliest robes. That immaculate manliness we feel within ourselves, so far within us, that it remains intact though all the outer character seem gone; bleeds with keenest anguish at the undraped spectacle of a valor-ruined man. Nor can piety itself, at such a shameful sight, completely stifle her upbraidings against the permitting stars. But this august dignity which has no robed investiture. Thou shalt see it shining in the arm that wields a pick or drives a spike; that democratic dignity which, on all hands, radiates without end from God; Himself! The great God absolute! The centre and circumference of all democracy! His omnipresence, our divine equality!

*New York: The Modern Library, 1930, p. 166.

From *THE PROPHET**

by

KAHLIL GIBRAN

ON TEACHING

Then said a teacher, Speak to us of Teaching.

And he said:

No man can reveal to you aught but that which already lies half asleep in the dawning of your knowledge.

The teacher who walks in the shadow of the temple, among his followers, gives not of his wisdom but rather of his faith and his lovingness.

If he is indeed wise he does not bid you enter the house of his wisdom, but rather leads you to the threshold of your own mind.

The astronomer may speak to you of his understanding of space, but he cannot give you his understanding.

The musician may sing to you of the rhythm which is in all space, but he cannot give you the ear which arrests the rhythm nor the voice that echoes it.

And he who is versed in the science of numbers can tell of the regions of weight and measure, but he cannot conduct you thither.

For the vision of one man lends not its wings to another man.

And even as each one of you stands alone in God's knowledge, so must each one of you be alone in his knowledge of God and in his understanding of the earth.

* New York: Alfred A. Knopf, 1929, pp. 64–65. Quoted by permission of the publisher.

THE HAMPTON SHIPYARD*

The Hampton Shipyard[1] near Philadelphia, Pennsylvania, was situated on a land-locked harbor which connected with the sea through a channel deep enough to float the largest battleship. Covering an area of 120 acres the shipyard had 12 building ways, or slips, the biggest of which would accommodate ships up to 1,000 feet in length and 150 feet in beam. Outfitting was carried out on five large piers built on water having an average depth of 30 feet at mean low water.

Established in 1890, the shipyard was well known for its output of naval and commercial vessels of every type and size. The naval vessels ranged in type and size from small naval vessels to battleships and aircraft carriers. The commercial vessels ranged in type and size from trawlers to luxury liners.

In 1954 the shipyard employed about 3,000 employees and was the largest employer in the surrounding locality. The employees of the shipyard had been unionized first in 1938, and in 1946 they had been organized by a national union. Prior to 1946, industrial relations had been fairly harmonious; there had been a low turnover of labor, and the apprentice school system had led to many sons of old-time employees being employed. In 1946 the national union called a strike on a national issue which was not settled for five months.

The majority of employees of the shipyard were skilled tradesmen. Among trades included were welding, flame-cutting, ship fitting, drilling, chipping, pipe fitting, electrical, sheet metal, painting, carpentering, riveting, and rigging. Operations such as riveting and rigging were carried out by gangs, but most of the other operations were performed by individual tradesmen under the supervision of leading men.

In June, 1954, Mr. James Ambrose, the general superintendent of the shipyard was reminded that recently layoffs in manpower, made necessary by the recent decline in the volume of operation of the shipyard, had reduced the numbers of supervisors available for the

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[1]All names have been disguised.

daily "roving committee." Mr. Ambrose knew that on some days the roving committee had been reduced in number to two or three supervisors. He felt that he would have to rearrange the groups and reassign some supervisors or let the daily patrol of the roving committee expire.

The roving committee at the Hampton Shipyard had first been instituted in August, 1949. At the time Mr. Ambrose was dissatisfied with the behavior of employees in that he felt that a number of men were ceasing work before the whistle sounded for lunch at 12:00 noon and for quitting time at 4:00 P.M. Mr. Ambrose was particularly dissatisfied with the lines which formed at the eight banks of timekeepers' clocks prior to the blowing of the whistle. Exhibit 1 shows the layout of the yard.) Mr. Ambrose reasoned that the men would have to leave their jobs on the ships being built on the slips and being outfitted at the piers several minutes prior to the time when they lined up at the timekeepers' clocks, and he knew that at some shipyards this practice had ballooned to the point where men stopped work half an hour and more before the whistle sounded. To force the men to work full time, Mr. Ambrose formed a roving committee of divisional superintendents, foremen, and assistant foremen,[2] and he required this committee to patrol specific areas of the yard daily at 15 minutes prior to the sounding of the whistle. Mr. Ambrose set up a fixed schedule and required the rotation of assigned areas so that all the areas of the yard were somewhat covered each day by the patrols. To enforce his wishes, Mr. Ambrose instructed the patrol to take badge numbers for subsequent issue of "chits" wherever offenses warranted such issue by foremen, as explained below. "Chits" in books had been issued to supervisors previously and consisted of a notification in triplicate of the offense, together with the penalty for the offense. Exhibit 3 shows a chit.

The formation of the roving committee was designed to serve as an additional supervision of the men working on the ships. Mr. Ambrose thought that this additional supervision was necessary for a number of reasons. He knew, for instance, that supervisors below the rank of superintendents would never "cross departmental lines" in order to question a man about the reason for his presence in any particular locality. Mr. Ambrose thought this questioning of individuals who had left their jobs on the ships without permission was

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[2] For the casewriter's concept of the formal relationships at the shipyard, see Exhibit 2.

EXHIBIT 1

THE HAMPTON SHIPYARD

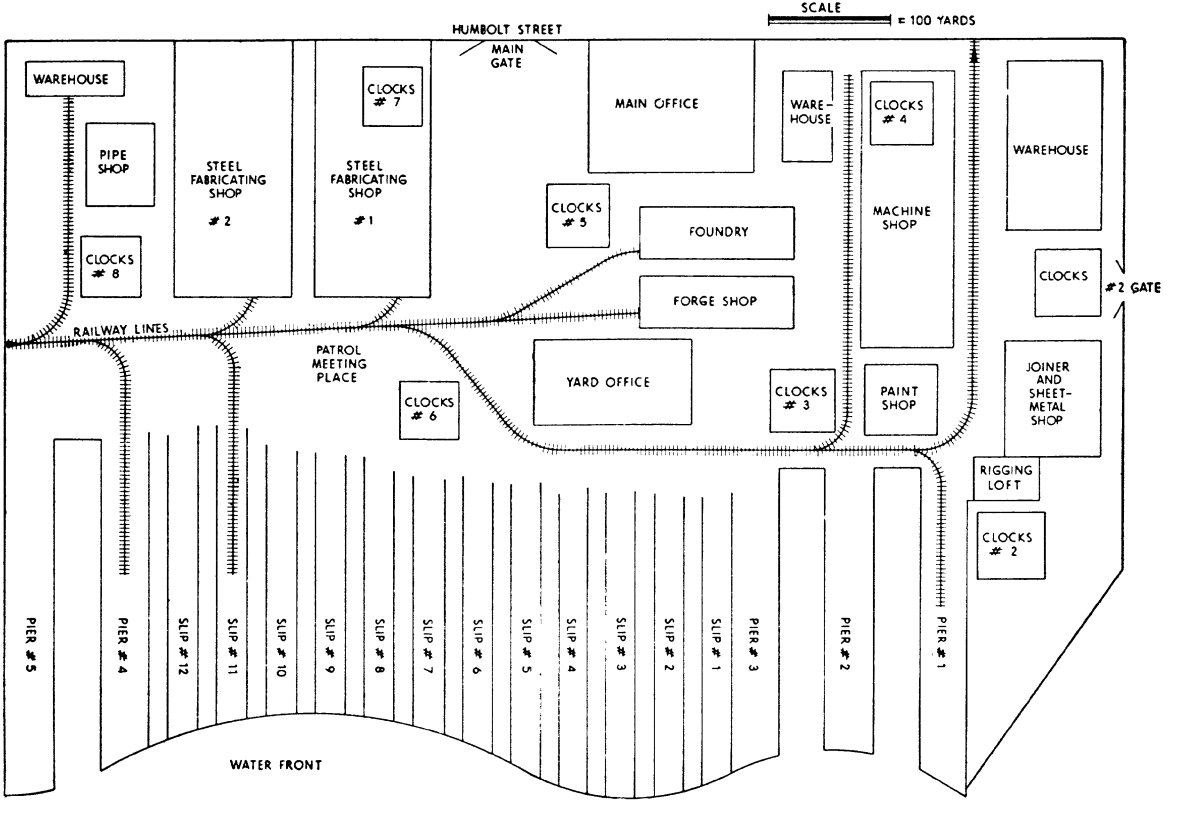
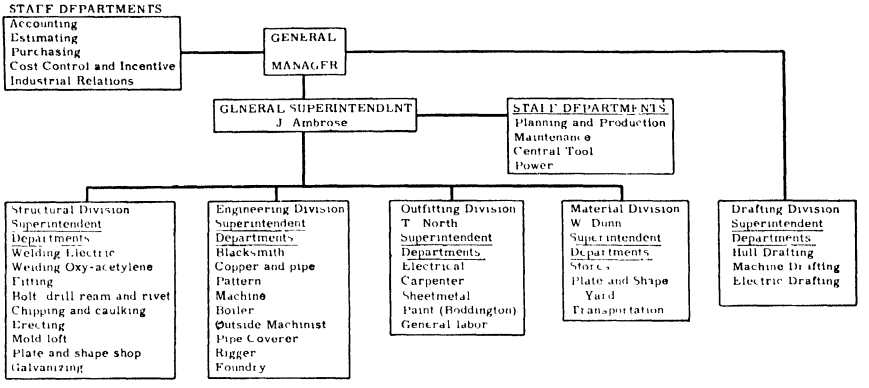


EXHIBIT 2*

THE HAMPTON SHIPYARD–PARTIAL ORGANIZATION CHART



necessary in order to tighten the discipline of working until the whistle sounded. The daily patrol of the roving committee was instructed to take the badge numbers of men not on jobs and to report these numbers through Mr. Ambrose's office to the foreman of the department concerned. The foremen were instructed to report back action taken by them, and if a man did not have a good reason for being away from his job, his foreman was to issue a chit.

Mr. Ambrose thought that the roving committee was successful in improving conditions at quitting time because he did not observe as many infractions of the rule after the patrol had been instituted. After several weeks, Mr. Ambrose thought that conditions had improved considerably and that the patrol was no longer necessary, so he gave instructions for the patrol to be discontinued.

In June, 1950, a few months after the patrol had been discontinued, the work force of the shipyard had increased to 6,000 employees, and there were indications that the build-up would continue, although Mr. Ambrose did not envisage the build-up reaching the proportions of the wartime force of 30,000 unless the United States became involved in another world war. During June, Mr. Ambrose had occasion to

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*The shipyard did not ordinarily make use of a formal organization chart. This chart is the casewriter's concept of the formal relationships.

The supervisory force in each department of the five divisions consisted of a foreman, an assistant foreman, quartermen and leading men. Quartermen supervised from 5-10 leading men. Leading men supervised from 10-15 men on the ships and as high as 35 men in the shops.

EXHIBIT 3*

THE HAMPTON SHIPYARD

Chit Stub		Chit
Serial No. 23575		Employee's Name_____ Serial No. 23575
Badge No.		Employee's Badge No._____
Name		1/ / Loafing 2/ / Losing Time 3/ / Leaving Job Early 4/ / Arriving on Job Late Without Reason
Hull No.		5/ / Off Job Without Permission
Date		1/ / 1st Offense - Warning. 2/ / 2nd Offense - One Week Off 3/ / 3rd Offense - Discharge.
Time		The infraction of some Company Rules & Regulations will result in IMMEDIATE DISCHARGE.
Offense	Offense No.	Some but not all of these rules are: 6/ / Employee Found Sleeping in the Yard: 6a/ / Intoxicated, 6b/ / Gambling; 6c/ / Stealing; 6d/ / Defacing or Destroying Property, 6e/ / Horseplay, 6f/ / Other
1/ /	1/ /	
2/ /	2/ /	
3/ /	3/ /	Hull_____ Date_____ Time_____
4/ /		
5/ /		_____ Supervisor's Signature
Immediate Discharge Offenses		1st Copy to Industrial Relations Dept.
6/ / 6a/ / 6b/ /		2nd Copy to Employee
6c/ / 6d/ / 6e/ /		3rd Copy to Department Office
6f/ /		

visit some other shipyards, and during those visits he noticed a great deal of laxity at the other shipyards regarding the enforcement of the rule of working until the whistle sounded. At his next weekly meeting with the foremen, Mr. Ambrose brought up the problem of men quitting early. He said that if they allowed laxity in enforcing this rule they would soon find the men disregarding all rules. After some discussion wherein the formen admitted that some men were inclined to quit early, Mr. Ambrose arranged for the timekeeping department to provide him with a list of all employees who punched out at 4:00, 4:01, and 4:02 P.M.

The timekeeping department kept a record of the men who

*The official policy of the local of the national union was to "go along" with this chit system of issuing written warnings of offenses.

punched out at these times for the next several weeks, and each foreman was notified of the badge numbers of the men in his department who appeared on this list of "early birds." Mr. Ambrose noticed that an excessive number of the men listed were employed by the paint department, so he questioned Mr. Boddington, the foreman of the paint department, about the reason for the excessive number of his men listed on the "early bird" list. Mr. Boddington defended his men and attributed the fact that they appeared on this list to the approved practice of allowing painters to leave their jobs on the ships five minutes before the quitting time so that they could return brushes and pails to the paint shop. Mr. Boddington pointed out that this approved practice was the only exception to the rule that all men should stay on the job until the whistle sounded, and he claimed that this accounted for the fact that his men were often first to clock out.

In July, 1950, Mr. Ambrose was dissatisfied with the record of "early birds," so he called a meeting with the officers of the Supervisors' Association.[3] At this meeting with the officers of the Supervisors' Association, Mr. Ambrose, the general superintendent, said that it was the responsibility of the immediate supervisors to keep the workmen on the job until quitting time. The officers of the "S.A." immediately agreed that this was the responsibility of the immediate supervisors, and they went on to express their view that the supervisors could do a better job of keeping their men working until quitting time if management people of the foremen and superintendent level made it a habit to be present in the slipways and on the piers just before quitting time. They also suggested that the situation was not as bad as the general superintendent had reported, and they invited him to take a walk around any part of the yard he chose with representatives from the S.A. to see for himself that the supervisors were on the job.

After some discussion, it was decided that a roving committee should be set up to patrol the yard daily at 11:45 to 12:00 noon and 3:45 to 4:00 P.M. Mr. Ambrose requested the foremen of

[3]The Supervisors' Association was a social organization of the supervisory personnel below the rank of assistant foreman. These supervisors were not organized for bargaining purposes, and the traditional role of the association was social in nature with the specific job of organizing social activities such as yearly picnics. From time to time, the general superintendent had used the officers of the association as a means of conveying information of a general nature concerning all members of the association and in particular the president of the S.A. often spent considerable time answering questions regarding the group bonus scheme of incentive payment for supervisors.

departments to assign their supervisors to patrol on different days so that each day the group contained 10 supervisors from 10 different departments. He decided to leave to the discretion of the divisional superintendents the assignment of foremen to patrols because he felt that the foremen might have more important things to do around quitting time. When the system was first instituted, Mr. Ambrose went with the patrol every day. Subsequently, when he found this assignment interfering with his other work, Mr. Ambrose assigned divisional superintendents in rotation to take charge of the daily patrol, retaining that duty for himself one day each week. The daily patrol met regularly twice a day at the head of slip 9 and, in fair weather or foul, proceeded to an area selected without advance notice by the man in charge. There the members dispersed to assigned portions of the area and made their check.

In October, 1951, when employment at the shipyard had decreased to approximately 4,000 employees, the groups of supervisors forming the patrols were rearranged to accommodate for some changes which had occurred in personnel. In 1953, when employment at the yard had increased to 6,000 employees, the groups were again rearranged, and at that time Mr. Ambrose decided to reduce the patrol from 10 supervisors to eight supervisors.

During the period in which this regular patrol operated, the supervisors were well aware that the men had set up some countermoves of their own. A very efficient warning system had been organized by the men to alert areas of the yard which were directly in the path of the patrol, and, conversely, areas which did not look like being covered on any one day were informed that they could relax. The men had named the patrol "The Gestapo," and often made unflattering comments to supervisors about the patrol.[4] Most of the supervisors thought that the patrol did assist in keeping men working until the whistle sounded. During this period a number of chits, averaging one per day, were issued. The threat of the issue of a chit, however, was used much more often than the actual issue. From August, 1949, to June, 1954, 1,601 chits were issued, 1,408 being first offense, 161 second offense, and 32 third offense or immediate discharge chits.

The pay system in force at the shipyard during this period was a complicated one. The company policy was to encourage the achieve-

[4]Excerpts from the union flier are shown in Exhibit 4.

EXHIBIT 4

THE HAMPTON SHIPYARD

Excerpts from Two Union Fliers

GESTAPO

It is to be noted that Ambrose and his roving crew are still hard at work, checking on men off the job. It is my understanding that starting Monday morning that they will check all men off the job at all times. WELL a word to the wise is sufficient.

. . . . .

AS YOU HAVE NOTICED LEADING MEN — SUPERVISORS—FOREMEN & HIGH YARD OFFICIALS ARE CRUISING THE YARD BEFORE THE LUNCH PERIOD & QUITTING TIME CHECKING UP ON EMPLOYEES THAT ARE NOT ON THEIR JOBS. THIS IS A FUNCTION OF MANAGEMENT & YOUR UNION HAS NOTHING TO DO WITH IT.

MANY OF THE BOSSES DISLIKE THIS JOB THEY HAVE TO DO—"ACTING AS A POLICE FORCE." BUT THEY TOO HAVE TO TAKE ORDERS. SO BOYS PROTECT YOURSELF & STAY OUT OF THE TOILETS & DON'T GIVE THEM A CHANCE TO PASS OUT CHITS.

---

ment of maximum production for the mutual benefit of the employees and the company. In line with this policy the company had established in addition to hourly base rates of pay, an incentive pay system based on standard piece-work rates. On the average, about 60 per cent of the employees were employed from time to time on contract work offering this incentive pay. The contracts for work on the ships varied in size from one day's work to three or four weeks' work. The contracts were written by rate setters employed in the cost control and incentive department. Men working on the ships moved back and forth, sometimes employed on hourly pay and sometimes on incentive contract pay. According to observations of Mr. Ambrose and some other supervisors, men on incentive contract pay were just as prone to quit work before the whistle sounded as were men on hourly pay.

During discussions about the patrol the supervisors admitted that they felt they needed some assistance in stopping men from quitting early, because often a supervisor, such as a leading man electrician, would be responsible for men working throughout an entire ship or even for men working on two different ships and he could not possibly maintain a surveillance of his men all at once. The supervisors working

on the ships often contrasted their problem of supervision to the easy task of supervision in the machine and fabricating shops, where men were under the immediate eye of their supervisors. Mr. Ambrose had also required his own staff assistants to form and man patrols near the gangways of ships tied up at the piers and to maintain a surveillance of areas near the time clocks, but he felt that these measures and the listing of badge numbers by the guard at the gangways of men leaving the ship 15 minutes before quitting time were not sufficient to enforce the rule of working until the whistle sounded.

The supervisors, individually, did not like the job of going on the daily patrol, particularly on days when the weather was bad, and they did not like the unflattering comments which were made about the "Gestapo."

In June, 1954, employment at The Hampton Shipyard had been reduced to a total of 3,000 workers. Many of the employees who remained were old-timers, and a number of the men in some of the departments had been supervisors at some previous time. Mr. Ambrose, the general superintendent, found some of the patrol groups of the roving committee had been reduced, by layoffs and demotions, to two or three supervisors.[5] He felt that he would have to rearrange the groups once more or let the roving committee expire. He was not sure whether the patrol was still needed during this period of minimum manpower employed and he knew that some people were critical of the usefulness of the patrol. However, Mr. Ambrose did not consider that the old-timers were immune to the temptation of quitting a few moments before the whistle sounded, though he did wonder whether the patrol served to keep them working on the job, and he was well aware of the unflattering references such as the use of the name "Gestapo." One day when he was discussing the patrol with some of his subordinates, Mr. Ambrose said, "I know that conditions at lunch time and quitting time in other shipyards are much worse than this yard. I know also, that the patrol is criticized and perhaps it only keeps the fellows out of sight, but can you show me a better system? If anybody comes up with a better answer, I'll certainly give it a try."

On June 15, 1954, Joe Campbell, an engineer in the planning department, had occasion to accompany Mr. North, the superintendent of the outfitting division, on a trip to Trenton to a competing ship-

[5]Layoffs and demotions during slack periods were administered in order of seniority.

yard. They had noticed, and North had commented to Mr. Ambrose later, that at Trenton there were at least 1,000 men gathered at the main gate which was 200 to 300 yards from the ships, five minutes before the whistle had sounded. Mr. North remarked that Mr. Welch, the general superintendent of the Trenton shipyard, had been with them when they had encountered this crowd waiting at the main gate and Welch had thought nothing of it. Welch had merely apologized to Mr. North because the crowd of men were blocking Mr. North's car from leaving by the main gate. Mr. North went on to say that in comparison he thought the behavior of their men at The Hampton Shipyard regarding quitting early was remarkably good.

A few days after his visit to the Trenton yard, Campbell happened to stop in at a small-stores department shack at the head of slip 10, to get out of the rain. Mr. North was also present sheltering from the rain when the daily patrol under the supervision of Mr. Dunn, the superintendent of the material division, formed at the head of slip 9 and proceeded toward Pier 5. As the direction in which the patrol was headed became apparent, Joe Campbell heard Fred Cernot, the storeman in charge of the shack, pick up the telephone and call another store man in a shack on slip 11. Campbell distinctly heard Cernot say into the telephone, "Say Ted, Dunn's got the 'Gestapo' today and he's headed your way." He thought that North must have heard Cernot warning Ted, the store man on slip 11 that the "Gestapo" was headed in that direction. Campbell was sure that Cernot knew North was present, because North, who was well known to the men throughout the yard, was standing right next to the telephone.

The general superintendent's office and those of his divisional superintendents were all situated on the second floor of the yard office. Mr. Ambrose and his divisional superintendents often contacted one another on matters of mutual interest when they were in their offices around about quitting time. Here, after the above incident, Campbell heard North tell Mr. Ambrose about Cernot's telephone call. North had heard Cernot warning the store man on Pier 11, he related the incident to Mr. Ambrose. "I was amused," said North, "to see their efficient warning system in action. That store man at the head of slip 10 lost no time in warning the guy on slip 11 that the 'Gestapo' was headed his way."

From *THEIR FINEST HOUR**

by

WINSTON S. CHURCHILL

In calling myself, with the King's approval, Minister of Defense I had made no legal or constitutional change. I had been careful not to define my rights and duties. I asked for no special powers either from the Crown or Parliament. It was, however, understood and accepted that I should assume the general direction of the war, subject to the support of the War Cabinet and of the House of Commons. . . .

* *The Second World War* (Boston: Houghton Mifflin Co., 1949), Vol. II, p. 16.

From a drop of water . . . a logician could infer the possibility of an Atlantic or a Niagara without having seen or heard of one or the other. So all life is a great chain, the nature of which is known when we are shown a single link of it. Like all other arts, the Science of Deduction and Analysis is one which can only be acquired by long and patient study, nor is life long enough to allow any mortal to attain the highest possible perfection in it. Before turning to those moral and mental aspects of the matter which present the greatest difficulties, let the inquirer begin by mastering more elementary problems. . . .

—SHERLOCK HOLMES, "The Book of Life"[1]

[1]Sir Arthur Conan Doyle, *A Study in Scarlet.* See *The Complete Sherlock Holmes* (Garden City, New York: Garden City Publishing Company, Inc.), p. 13. By permission of the Estate of Sir Arthur Conan Doyle.

THE ONTARIO MANUFACTURING COMPANY (A)*

The Lakeside Division of the Ontario Manufacturing Company[1] makes a number of products for household, commercial, and industrial use. In recent years, the division has experienced considerable growth. Its sales have increased threefold, presently totaling over $60,000,000. Most of the increase has been accounted for by new products developed by the company's research activities. The number of employees in the division — workers, supervisors, and executives — has also increased during this period. About 4,000 are employed in the main plant of the division—the Huron plant—and about 2,000 are employed in several smaller installations located in various parts of the country and abroad.[2]

The Huron plant is located in a small town about 30 miles from a large city. Most of the workers and supervisors are drawn from the immediately surrounding area. About 1,000 of the employees are women, of whom the large majority are mothers, wives, sisters, and daughters of other employees.

Workers in the Huron plant and laboratories, but not "white collar" workers in the offices, were organized by a national union in 1946. The plant experienced a strike in 1949. Union members stayed out for about two months. Supervisors and executives, who stayed in the plant, kept essential operations going during this period. The strike ended when company and union reached a compromise agreement. In the years since the strike, there have been no work stoppages of any kind, but the strike is still often mentioned by executives in conversation.

Several hundred employees work in the packaging department, where many of the operations are highly mechanized. Most of the women employed in the plant work on the lighter packaging lines. The heavier packaging work is done by men. One of the smaller heavy-packaging sections is under the supervision of a foreman named

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[1]All names have been disguised.

[2]A partial organization chart of the Lakeside Division is shown in Exhibit 1.

Eric Hamer. All the workers in Hamer's section are men, most of whom are relatively inexperienced as compared to the workers in other sections of the packaging department.

One day in autumn, shortly before noon, Robert Lewis, aged 19, an hourly worker, came into Hamer's office, which is set off by glass partitions from the room where Hamer's section is located, and asked if he might leave work and be absent from the plant that afternoon. Lewis explained that he wanted to go home to pick tomatoes. He told Hamer he had heard a weather forecast that morning to the effect that a heavy frost was anticipated that night and that he wished to get in the remainder of his tomatoes before the frost. He said he thought it would take him several hours to pick the rest of his crop.

Hamer told Lewis to go back to work and that he would see what could be done.

Hamer was aware that Lewis did grow tomatoes for sale. He also knew that Lewis found employment, from time to time, working for a local company of tree surgeons. Lewis did this work, and worked in his garden on weekends, before and after work on weekdays, and on holidays. Hamer knew that Lewis was unmarried and lived at home with his family. Lewis' record as a worker in Hamer's section had been a good one. He had never been absent and had always come to work on time. So far as Hamer could see, Lewis did his work to the best of his ability, and Hamer was entirely satisfied with him.

The only occasion when Hamer had been somewhat displeased with Lewis was the time, in the autumn of the previous year, when Lewis had requested a two weeks' leave of absence to go deer hunting up north. At that time Hamer told him that he could not possibly be spared for that length of time and could not be given the requested leave. Hamer told Lewis that if he wanted to be off for that length of time, he would have to be dropped from the company's rolls and that he would then have to reapply for employment when he returned. Lewis did not go on the hunting trip.

Lewis had come to the packaging department after about six months' employment in another department of the plant. Following his initial employment, Lewis became eligible for a raise in his hourly rate upon the completion of six months of service. The foreman under whom Lewis worked at that time told him, in error, that his six months would be completed, and that he would thereupon receive

a raise, as of a certain date which was, in fact, two weeks earlier than the actual expiration date of the six months' period. Accordingly, the increase in Lewis' rate came through two weeks later than when his foreman had told him it would. The foreman explained the error, but—he later told Hamer—Lewis had appeared to be much irritated by the matter. It was following this episode, that Lewis had asked for, and obtained a transfer to Hamer's section at a lower rate.

After Lewis had made his request for the afternoon off and had gone back to work, Hamer, who was alone in his office, called the manager of the packaging department, Morton Williams, to inquire if somebody could be spared that afternoon from one of the other packaging sections. Hamer told Williams he thought that a man could, perhaps, be spared from the section under Henry Wagner, another foreman. Williams told Hamer he would see what could be done and that he would call back. Williams then called Albert Blaney, the Assistant General Manager. He asked Blaney in which section production was the more urgently needed, Hamer's or Wagner's. Blaney told Williams that getting out the production in Wagner's section was the more urgent inasmuch as the inventory of the product packaged by that section was low. Williams then called Hamer and reported what Blaney had told him. Hamer went out on to the floor and told Lewis that he could not be spared and let off that afternoon. He told Lewis that the section was already one man short, and that if Lewis were to be absent, that would make the section short-handed by two people. Hamer also told Lewis that the section was under considerable pressure to fulfill its production quota.

Lewis, according to Hamer, made no reply.

About an hour later, after lunch, Eric Hamer again went out on to the floor of his section and noted that Robert Lewis was not there. Other men in the section told him Lewis had not come back to work after lunch.

During the afternoon, Hamer mulled over this situation in his mind as he went about his work. He was disturbed over the prospect that his section would not make its production quota for the day because of being short-handed by one man in the morning and by two men in the afternoon.

The other man who was missing from the section that afternoon had been transferred to another section several days previously, and

Hamer had not yet received a replacement from the personnel office. This man had reported to Hamer that he had found, and that his doctor had agreed, he was allergic to the particular product handled by the section. He had "called in sick" a couple of days and upon his return to work had given as the reason for his absence his allergic reaction to the material he was working with. Hamer and the man had arranged with the personnel office for his transfer to other work.

Under company policy, if an hourly worker "called in sick," he was not subject to discipline or dismissal. Under ordinary circumstances, in the event that a worker was absent for two or three days after "calling in sick," a company nurse was sent to his home to make inquiry. Occasionally, when there was some reason for question in the matter, a nurse would be sent earlier. In the case of the man who complained of allergic reaction, no nurse had been sent.

During the afternoon, the other workers in Hamer's section worked harder than usual, but even so, Hamer could see they would not be able to complete the day's quota.

He wondered what action he should take the next morning when Lewis, as Hamer expected, would show up for work. Decision as to action to be taken in the case of an unexcused absence rested with the absentee's foreman. Hamer knew that, according to company policy, he had authority to suspend Lewis, if he so decided, pending study of the case. Hamer was also aware that workers had been discharged by foremen for insubordination.

It seemed to Hamer that the importance of the situation perhaps extended beyond the case of Lewis alone, and involved his relations with his other workers and the company's relations with the union. When Lewis had made his request to be excused for the afternoon, Hamer had momentarily thought he might call the union steward for the packaging department to talk with him about the matter. Actually, he had not done so. Lewis had left the plant before he could have consulted the steward, anyway, since the steward was located in another part of the plant. It was not, in any case, the policy of the company for foremen to discuss with shop stewards such matters as a request for an afternoon off.

It was known by Hamer, as it was generally known by the whole management of the plant, that the union was currently interested in negotiating a codified and detailed procedure for handling and dealing

with discipline, suspension, and discharge. The union desired a set of specific penalties for infraction of specified rules. For example, the union was requesting that a manual—which it wanted to be made part of the labor contract—should specify so many hours suspension for swearing at another worker, so many hours suspension for swearing at a foreman, etc., etc. Hamer also knew that the union was interested in negotiating the addition of a clause to the contract which would require foremen to consult with shop stewards on certain actions relating to personnel, including such matters as requests for time off.

By the end of the afternoon, Hamer's section, as he feared, had not made its production quota for the day. Hamer called Morton Williams to tell him so and to ask if Williams had any advice to offer as to what should be done with Lewis when he reported for work the next morning or as to how the case should be handled. In the course of discussing the matter with Williams, Hamer outlined the facts and his thinking about the situation more or less as these are reported in the preceding paragraphs. In talking to Williams, Hamer said that he had been thinking of another situation in the packaging department which might have some bearing on how the Lewis case should be handled: There was one "character"—an old-time hourly paid employee—who had been given a leave of absence every year for many years to go trout fishing at the opening of the fishing season. In fact, a number of employees at the plant had been given such leave on various occasions in the past. Williams replied that he would give the matter some thought and would call him at home in the evening.

After this conversation with Hamer, Williams called Albert Blaney and told him of his conversation with Hamer, giving him a report of the facts and circumstances, again pretty much as they have been described.

As Blaney straightened up his desk, he was thinking over the situation. He thought of Eric Hamer as a good foreman. It was true, however, that labor turnover had been particularly high in Hamer's section—higher than in most of the sections of the packaging department. The labor turnover rate for the packaging department as a whole was, in turn, appreciably higher than the plant-wide turnover rate. Blaney was of the opinion that the principal cause of the high turnover rate in Hamer's section was the great irregularity of the production schedule for the section. There were times when Hamer's

section ran at full capacity and there were times when it was shut down completely. When it was shut down, the workers either were given employment in other sections of the department or were laid off.

The particular circumstances of the absence of Robert Lewis were not explicitly covered by the union contract between the company and the union. There was no provision in the contract relating to absence without leave. Selected passages from the contract are reproduced in Appendix A.

APPENDIX "A"

THE ONTARIO MANUFACTURING COMPANY (A)

Excerpts from Union Contract

* * * * *

The Union agrees that its members will perform their respective duties in the Company loyally, efficiently, safely and continuously, under the terms of this agreement. The Union and its members will use their best endeavors to protect the interests of the Company, to conserve its property and to give service of the highest productive quality. Both parties agree that no activity for or against the Union will be conducted during working hours except as otherwise provided herein.

The Union recognizes the right and authority of the Company to administer the business of the Company, to promulgate rules and regulations, to enforce discipline, to discharge for cause and otherwise to exercise its prerogatives of management, provided that all employees covered by this agreement shall be treated with equal justice, without violation of the terms of this agreement and all shall be entitled to utilize the mediums provided by this agreement for the review and adjustment of grievances.

* * *

Should any difference arise between the Company and the Union, or between the Company and an employee or a group of employees, as to the meaning or application of any provisions of this agreement, the matter shall be settled in the following manner:

An aggrieved employee desiring consideration shall present his case to his immediate supervisor either personally, or through his Shop Steward, or personally accompanied by his Shop Steward.

The Company agrees to recognize the Shop Steward as an authorized agent of the Union in the submission and consideration of all grievances, either personal, group, or general, while such grievances are being acted upon within the department in which the aggrieved may be employed.

If no satisfactory settlement is made on the department level, the matter may be referred to the Grievance Committee of the Union who, with the Shop Steward if he so desires, shall submit the case to the Section Manager.

If the Grievance Committee with the Shop Steward and the Section Manager fail to reach a mutually satisfactory adjustment, appeal may be had by the Union to the General Manager or his representative specifically authorized.

* * *

The Company agrees not to discriminate against the Union or its members and not to discharge, demote, suspend, or lay off any employee except for cause. In case of disciplinary discharge, suspension or demotion, a Shop Steward or member of the Grievance Committee will be present. In the event of any discharge, demotion or suspension, the Company shall immediately notify the Union Office in writing of such action and the name or names of the employee or employees affected thereby. . . .

* * *

An employee whose action appears to necessitate his discharge may first be suspended subject to discharge and so informed and the Union Office be notified with the reasons for the action.

If no grievance with respect to the discharge is initiated by the employee involved within seven days from the date on which notice was given to the Union, such suspension shall automatically become a discharge at the end of such seven day period.

* * *

The Company shall continue the present practice of furnishing to the Union after the event, notice of transfer, employment, or severance of any employee covered by this agreement, except that in case of lay-off, other than temporary as hereinafter defined, a minimum of seven calendar days advance notice will be given or five days pay in lieu thereof provided he has one or more years continuous service with the Company.

* * *

In case of lay-off (reduction of force) in any department, the person in the department in the classification affected by the lay-off who is latest on the official seniority list will be laid off first. However, at such time unless the lay-off is temporary, (for not more than two weeks) such person may exercise his seniority for jobs which, in the opinion of both the Company and the Union, he is qualified to fill. . . .

* * *

The Company agrees to give leave of absence for illness without affecting the employee's service continuity, up to one year, (or if his service is less than a year, up to the amount of his service). . . .

The Company agrees to give consideration to each request for leave of absence for other valid reasons and to grant such other requests as, in the opinion of the Company, may be consistent with business requirements, for periods not to exceed three months. . . .

* * *

Employees who have completed one year of continuous service by January 1st but less than three years will receive one day's vacation for each two months (8⅔ weeks) actually worked since the previous January 1st, up to a maximum of five days. . . .

* * *

Vacations may be scheduled at any time throughout the calendar year, subject to restrictions in this article. The Company shall determine the precise period of each employee's vacation but an effort shall be made to select a period which is satisfactory to the employees involved. . . .

Vacations should ordinarily be taken in units of a week. . . .

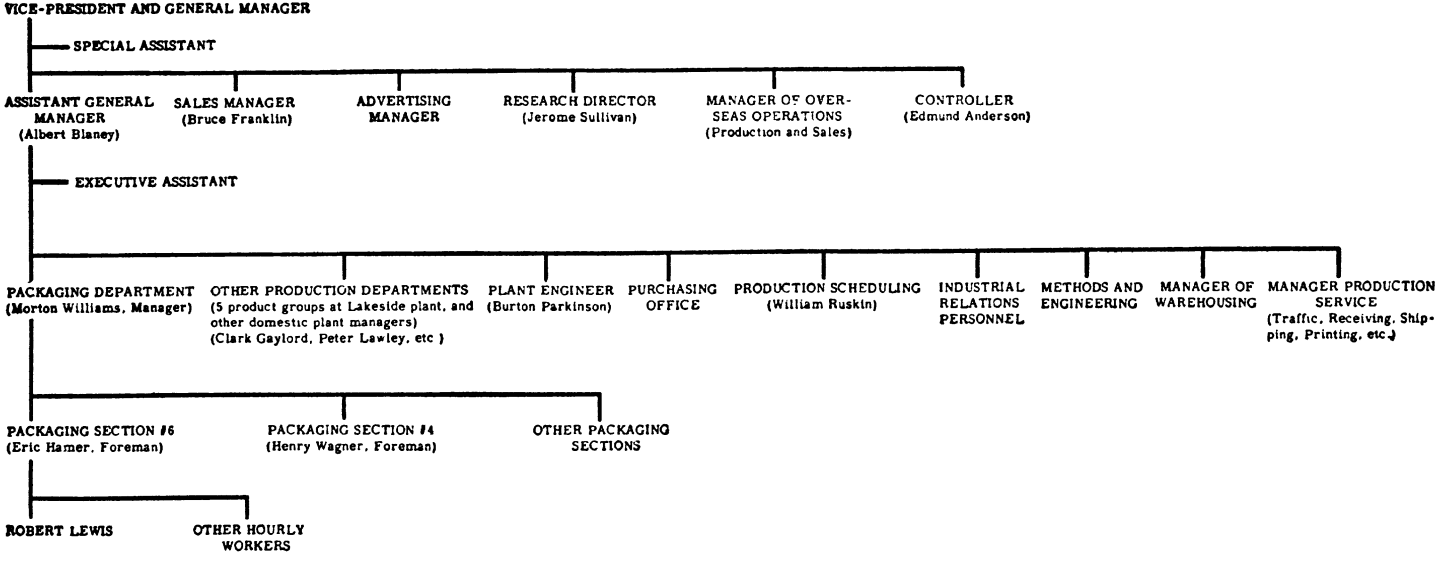
* * * * *

EXHIBIT 1

THE ONTARIO MANUFACTURING COMPANY

LAKESIDE DIVISION

PARTIAL ORGANIZATION CHART



Flower in the crannied wall,
I pluck you out of the crannies,
I hold you here, root and all, in my hand,
Little flower—but *if* I could understand
What you are, root and all, and all in all,
I should know what God and man is.

—ALFRED LORD TENNYSON[1]

[1]*The Poetic and Dramatic Works of Alfred Lord Tennyson* (Boston and New York: Houghton, Mifflin and Company, 1898), p. 274.

THE ONTARIO MANUFACTURING COMPANY (B)*

The substance of the foregoing account[1] was given the following morning by Morton Williams[2], manager of the packaging department in a discussion group composed of about 30 men who were the principal line and staff executives of the management of the Lakeside Division of the Ontario Manufacturing Company. This discussion was third of a series on the general subject of human relations in business. At these meetings, which were led by an outside consultant, the group discussed published cases which they had studied beforehand. At one point during the discussion that particular morning, Williams remarked, "You know, this case we're talking about here today reminds me of a case that happened to me yesterday afternoon. Just about as I was going home, Eric Hamer called me about something that had happened down in his section . . .," and he went on to describe the situation set forth in "Ontario Manufacturing Company (A)." Albert Blaney, Assistant General Manager, who was the senior man in rank in the discussion group, added, "I'm in on this too," and corroborated Williams' account.

After Williams had given his account, there ensued a lively discussion in which various executives expressed their ideas as to what should be done in the case of Robert Lewis. In addition to the general discussion, there was a considerable amount of conversation among groups of two and three around the large table as they expressed ideas and debated among themselves. At one point, Albert Blaney spoke up, "I'd like to see a show of hands around the table as to what we think should be done." The consultant said that he thought that might be interesting, and asked if the group were willing to express itself in this fashion. There was a general response in favor of this. Someone asked, "Well, what is the question we're going to vote on?" Blaney said, "Well, I'd like to see how many would recommend firing Lewis?" Fourteen men raised a hand.

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[1]The Ontario Manufacturing Company (A).

[2]All names have been disguised.

Someone then asked, "What are the alternatives? What else could be done, and what do we think of the alternatives?" There then followed some discussion as to the phrasing of an alternative question on which there would be a show of hands. Albert Blaney then suggested, "How about this: How many would give this man a week's suspension?" The consultant inquired whether that phrasing was acceptable. There was a general murmur of assent. He then asked, "Well, who would give Lewis a week's suspension?" Nine men raised their hands.

Blaney then commented, "Several of us haven't voted on either one of these questions[3], I wonder—I'd like to know—I'd be interested in seeing how many people think it would be positively wrong to fire Lewis?" Six men raised their hands.

Wallace MacDonald, a member of the sales organization, one of the six who had raised their hands in response to the last question, then remarked, "It sure seems to me that before you, Al (Blaney), take any action at all, you should consider how your action will affect the division's relation with the union. I just wonder if firing Lewis might not precipitate some difficulties."

There then followed a renewed lively discussion which lasted about half an hour until it was time for the group to recess for lunch. On the basis of some notes he took while this discussion was going on, the consultant reconstructed the following excerpts.

WILLIAM RUSKIN:[4] Well, I would call Lewis in to the office, if I were Hamer. I would tell him that I thought he just didn't seem to be very much interested in the job and didn't rate it very highly. I would say, 'Well now, Lewis, why don't you just quit. Why don't you just not come back here if you are not really interested in this job, as I think you are not.' I think that he would agree, and quit right then and there, and that would be the end of it.

CLARK GAYLORD:[5] What are you telling him, and what the fact is, is that you are just not interested in buying what he has to sell. What he has to sell is not what we want in this plant.

RUSKIN: You bet.

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[3]The consultant had noted that eight men had not responded to either question.
[4]Manager of production scheduling.
[5]Manager of one of the product-group production departments.

JEROME SULLIVAN:[6] I wonder. It seems to me that we have lots of indications of irresponsibility on the part of our people in this plant. Just yesterday I had a problem. As you know, our workload is rather irregular in our various operations. This means that we frequently have to transfer personnel from one operation to another. Yesterday afternoon at about three o'clock when I walked past one of the rest rooms, I found a number of our girls drinking coffee and eating cake. I asked them, 'What are you doing here?' And they told me, 'We are out of work. We finished the job where we were, and so we came here.' I asked them, 'Who told you you were finished working there?' They answered, 'Nobody.' There were about ten girls there. I told them to report back to John Simpson (an administrative executive in the research department) and ask him to tell them what they should do next. Out of the ten girls there, about six showed up in John's office.

I have been wondering whether that indicates that we don't have enough supervision, good enough discipline, or if we just don't have a feeling of responsibility on the part of our people. I have been wondering whether I have fulfilled all of my functions. I have been wondering whether I have made it clear to them what we expect of them. I think I will explain to them what the facts are. We simply don't have five days' work for everybody in each and every one of our activities, so we just have to transfer people from one operation to another to keep them busy and to get out our work. I think I should tell them just what these facts are. I have been wondering just what to do and what this episode means.

BRUCE FRANKLIN:[7] I think there are two cardinal rules in administration. First, is I think that every worker has a right to know what is expected of him. Second, I think he has a right to know how he is doing. He needs to know what his job is. And I wonder if your people know what their job is?

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ALBERT BLANEY: You know what I think you ought to do with Lewis is to fire him. It seems to me everything he has done shows that he just hasn't accepted responsibility. I think it would probably help him a great deal to give him a good jolt. This would be for his own

[6]Research director.
[7]Sales manager.

good to be brought up short at this time. I think it would be a good thing for him and a good thing for the others as well. Of course, I do wonder what he would think if he sees Burt (Parkinson, Plant Engineer) and me going to a ball game. He will think there are two sets of rules in the plant. (Laughter.)

EDMUND ANDERSON:[8] Well, aren't there separate rules for workers and management? As a matter of fact, aren't there separate rules for workers, supervision, and top management? Isn't that part of the incentive? Isn't that part of the compensation? After all, management *does* have some privileges which workers don't have. (Laughter.)

* * * * * * * * *

PETER LAWLEY:[9] I think you have just got to let men know that the requirements of the job are. I don't think you can shilly-shally around on that or be ambiguous. They have just got to know there is a job to be done, and they just can't wander in and out anyway they like.

* * * * * * * * *

ROBERT NICHOLS:[10] Isn't there here a *serious* problem of educating people to feeling they have a responsibility on the job—job responsibility, I mean?

SULLIVAN: Yes. Those girls of mine are good workers, competent, and loyal, and I just wonder what it all means. I think it *is* serious.

BURT PARKINSON: I will give you a case. This is something that happened just last week. We have a man who we are going to have to lay off. It was just the other day that we gave him his notice. We are giving this man four weeks' notice. He wanted time off during his four weeks in order to look around for a new job. We told him we just couldn't spare him and that he wasn't entitled to it. We told him he would have to work during this notice period and look around the best he could. The next day he didn't show up. So we sent a nurse out to his house. He was amazed to see her. He called in and wanted to know what the trouble was. He said that he thought they had told him he could have time off to look for a job if he wanted to. He was amazed. The next day he came back to work.

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[8]Division Controller.

[9]Manager of one of the product-group production departments.

[10]A member of the sales organization.

"OF NEGOTIATING"*

by

FRANCIS BACON

It is generally better to deal by speech than by letter; and by the mediation of a third than by a man's self. Letters are good, when a man would draw an answer by letter back again; or when it may serve for a man's justification afterwards to produce his own letter, or where it may be danger to be interrupted or heard by pieces. To deal in person is good, when a man's face breedeth regard, as commonly with inferiors; or in tender cases, where a man's eye upon the countenance of him with whom he speaketh may give him a direction how far to go; and, generally, where a man will reserve to himself liberty, either to disavow or to expound. In choice of instruments, it is better to choose men of a plainer sort that are like to do that that is committed to them, and to report back again faithfully the success, than those that are cunning to contrive out of other men's business somewhat to grace themselves, and will help the matter in report, for satisfaction sake. Use also such persons as affect[1] the business wherein they are employed, for that quickeneth much; and such as are fit for the matter, as bold men for expostulation, fairspoken men for persuasion, crafty men for inquiry and observation, forward and absurd[2] men for business that doth not well bear out itself. Use also such as have been lucky and prevailed before in things wherein you have employed them; for that breeds confidence, and they will strive to maintain their prescription. It is better to sound a person with whom one deals afar off than to fall upon the point at first, except you mean to surprise him by some short question. It is better dealing with men in appetite than with those that are where they would be. If a man deal with another upon conditions, the start of first performance is all; which a man cannot reasonably demand, except either the nature of the thing be such, which must go before; or else a man can persuade the other party that he shall still need him in some other thing;

* Reprinted from *Essays and New Atlantis*. Published for the Classics Club by Walter J. Black Inc., New York, 1942.

[1] Like.

[2] Stubborn and stupid.

or else that he be counted the honester man. All practice is to discover or to work.[3] Men discover themselves in trust, in passion, at unawares; and, of necessity, when they would have somewhat done and cannot find an apt pretext. If you would work any man, you must either know his nature and fashions, and so lead him; or his ends, and so persuade him; or his weakness and disadvantages, and so awe him; or those that have interest in him, and so govern him. In dealing with cunning persons, we must ever consider their ends, to interpret their speeches; and it is good to say little to them, and that which they least look for. In all negotiations of difficulty, a man may not look to sow and reap at once; but must prepare business, and so ripen it by degrees.

[3] The whole knack is to find out about a person or to manipulate him.

MARSHALL COMPANY*

INTRODUCTORY STATEMENT

The Marshall Company[1] was one of the oldest paper-making companies in the United States. For over 90 years the company's mill had been located in a small New England town with a population of 13,500. The company enjoyed an outstanding reputation for quality and reliability. It produced a wide variety of standard grades of paper used in high-quality book publishing and special grades requiring a specialized knowledge of paper chemistry as well as of other manufacturing techniques. The special grades of paper produced comprised about a quarter of the volume of the mill's output but accounted for a higher proportion of net profits.

There were about 15 mills in the United States producing varying grades of book paper. The Marshall Company employed about one half as many people as the largest mill, and about twice as many as the smallest mills. There were, of course, many mills producing newsprint and low-grade magazine paper, but they did not compete with the Marshall Company.

In the mill there were more than a dozen paper machines. The largest of these was over 200 feet long, over 12 feet wide, and cost over $1,000,000. All told, about 2,600 people worked in the mill.

The Company both purchased and produced pulp. Pulp together with paper waste recovered from the later stages of the operations, filling materials, dyes, water, and other ingredients were mixed together in beaters according to the particular specifications for each order of paper. From the beaters, the prepared "stock" was pumped to the paper machines in adjoining rooms and buildings. In the paper machines, which ran at speeds of up to 750 feet per minute, the fibers of the pulp were, in effect, matted to form a continuous paper sheet which was dehydrated by heat and absorption and rolled to squeeze the water out. Following this drying process, the paper was passed

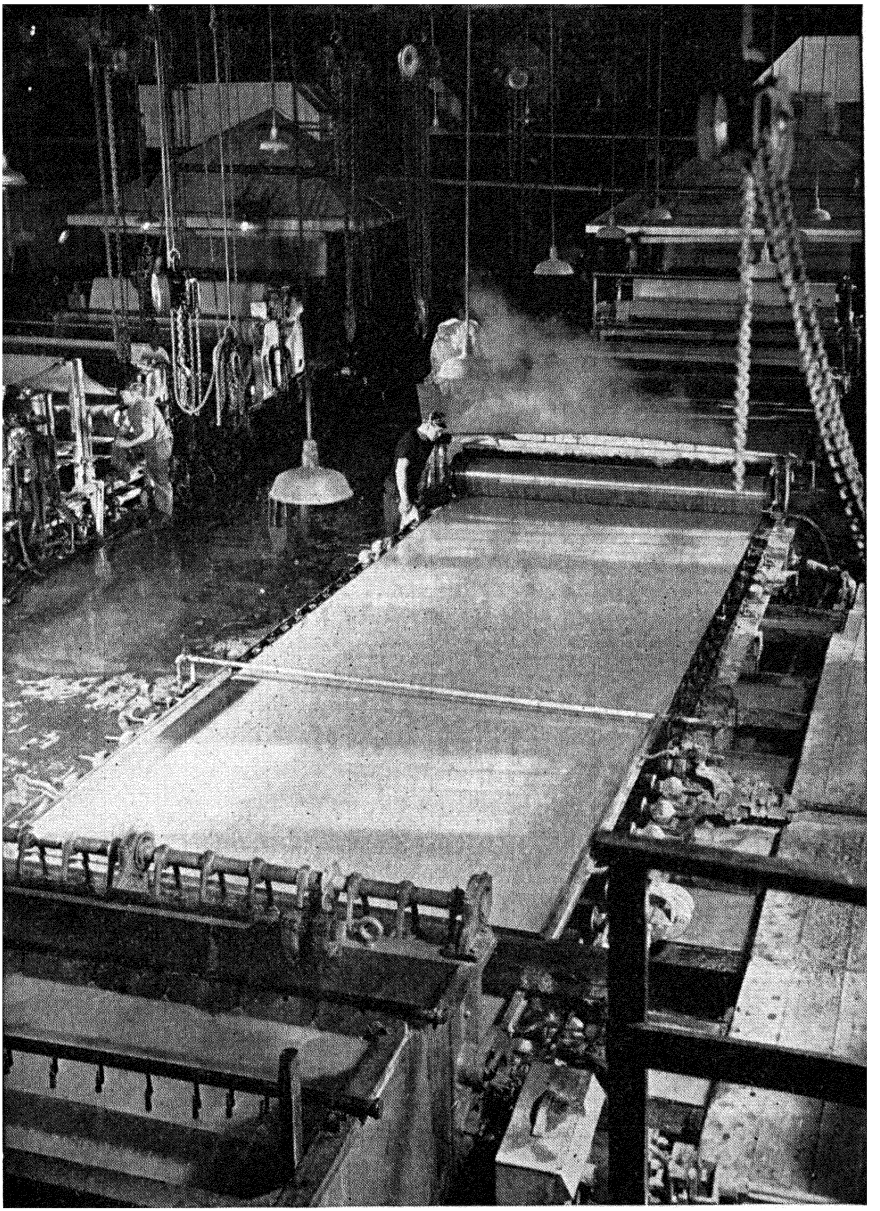
*Copyright, 1956, by the President and Fellows of Harvard College. Reproduced by permission.

[1]All names have been disguised.

through a vertical series of steel rolls called "calender rolls" where a smooth hard finish was put on the paper. After being calendered, the paper might be sent to the coating department if the order required a certain kind of surface on the paper. There, a liquid coating would be applied, dried, and calendered to give a smooth surface. On the other hand, the paper might be sent to the "supercalendering department" if a coated grade was not ordered, but a "supercalendered" finish was required. If the surface of the paper, as it left the paper machines, was as ordered, the rolls of paper might be sent directly to either the "cutters" or "rewinders," where the paper would either be cut into flat sheets of required size and inspected to remove defective sheets, or rewound and inspected for shipping in roll form. Sheet paper from the cutters were sent to another part of the finishing department, where it was sorted by grades, inspected again, packed in boxes or on "skids" made in the box shop, and prepared for shipment. Rolls which were to be shipped as such, were wrapped and sent to the shipping room.

During the manufacturing process, paper was subjected to a variety of quality-control tests. The particular tests which were performed on the paper depended on the use for which the paper was intended. Tests were run to measure and control such characteristics as basic weight, bulk, bursting strength, tearing strength, opacity, ash content, acidity, and porosity. Periodically, paper coming off machines was also examined for such things as surface characteristics, fiber formation, dirt, color, and similar matters.

From river water and wood pulp to the finished product, the work of producing paper that was satisfactory to the customer was highly complex. The characteristics of the ingredients—water, pulp, filler, sizing, color, and other materials—were never exactly predictable or controllable. The possible combinations of ingredients were numberless. From the pulp mill through the paper mill, an infinite number of combinations of mechanical adjustments were possible in order to get a limited range of desired results. The effects of some of these tended to conflict with each other or cancel out. Many of the adjustments to keep the paper within the tolerances specified by the "established grade" and by the customers had to be made while the paper was running through the machines. On the paper machines themselves, more than 100 of these adjustments were possible and less than half a dozen automatic devices had been found useful in controlling them.



Photograph by Victor Keppler, reproduced through the courtesy of the Eastern Corporation.

PAPER MAKING.—Headbox; pulp flowing over the "wire," moving from lower left to upper right toward the "driers." NOTE: The "Marshall Company" is *not* the Eastern Corporation.

Standard and customer specifications were exacting, since printing presses were often set to work with paper thicknesses controlled to the third decimal place, and the imprint of ink on paper had to be exactly controlled both physically and chemically.

The people in the mill were largely of French-Canadian and Yankee stock. Although some of the townspeople worked in a small shoe factory, the supervisors at the Marshall Company said that they had their pick of the town's labor supply. About 95 per cent of the people who worked in the mill lived in the town. The yearly labor turnover at the mill amounted to 1 per cent. A large number of the employees had lived in the town for more than 25 years. Many families had members in the mill for two or three generations.

The employees were paid on an hourly basis. In some departments, there was a bonus system based on output with a deduction for waste. Supervisory personnel were paid according to a salary schedule determined by Mr. Austin Brewster, vice-president in charge of production. For many years, it had been Mr. Brewster's policy to keep the mill "out in front" of other New England paper mills in wages paid to employees. Over the last 15 years, general pay raises at the Marshall Company had regularly preceded pay raises at other mills.

The functions of the personnel department were limited mostly to employment and plant safety. Various locals of the Congress of Industrial Organizations, the American Federation of Labor, and the United Mine Workers had made frequent efforts to organize the mill.

Over more than a five-year period, several members of the faculty of the Harvard Business School had contacts with the Marshall Company. One summer, four members of the School spent several months in an extended visit to the mill.[2] This case-research project resulted in a number of cases.

At the time of this extended visit, Mr. Brewster said that he was dealing largely with the stresses and strains created by material shortages and variability in the quality of paper-making ingredients; personnel problems took a large amount of his thought; he was considering certain revisions of the employees' pay system; supervisory problems were particularly important; and he was spending substantial time on the selection and training of management personnel to fill certain

[2]For editorial simplicity, the name "Joe Murray" is used to denote all these four people, both individually and collectively.

positions, including his own, which would ultimately open up as members of the company retired.

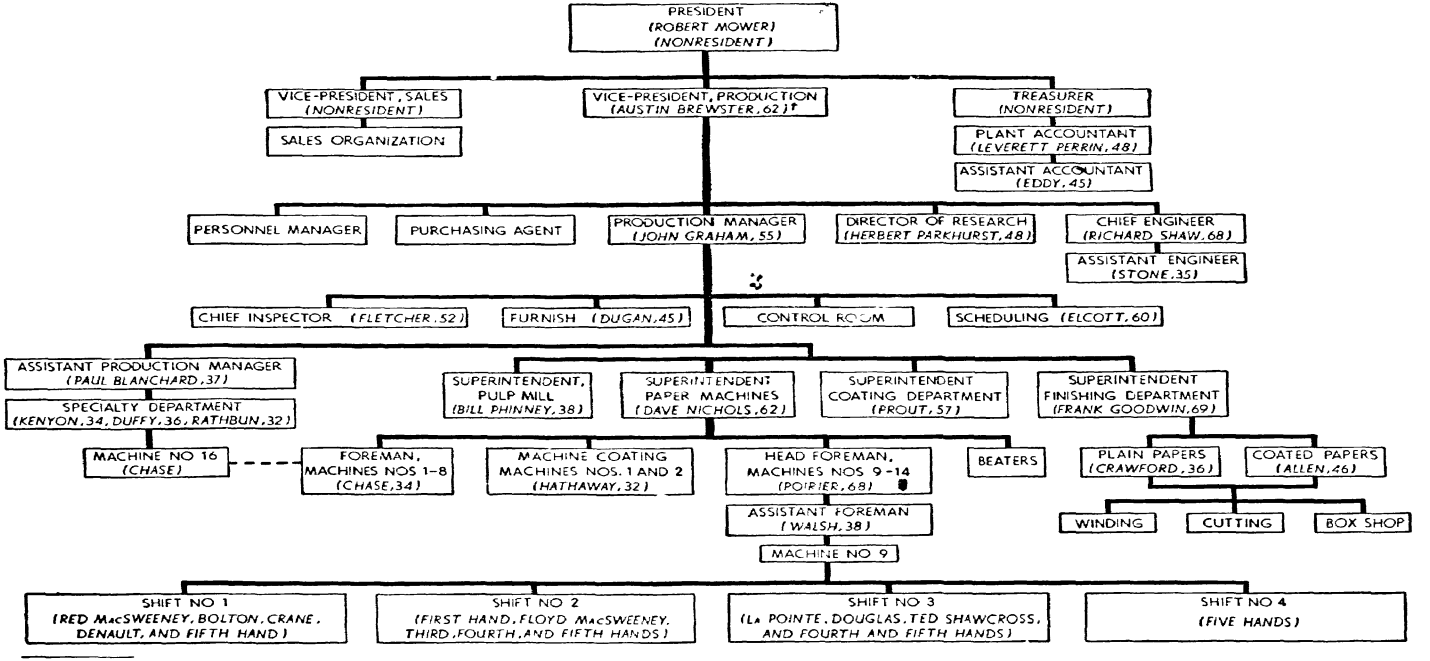
The Company management often said that "what helps the town helps us." Many of the employees were able to buy their homes when the Company guaranteed their loans at the bank and deducted the payments from their weekly wages. Workers often sought Mr. Brewster's advice on personal problems. The problems which the "help" brought to him were frequently financial; an employee might come, for instance, to get Mr. Brewster's advice on whether the house in which he was interested was a good "buy"; employees might come because they needed a loan to pay for a new home, for a new baby, or a divorce. Often an employee raised questions relating to his position, his desire for transfer or promotion, or dissatisfaction with the way a supervisor had handled him. One of the employees remarked about Mr. Brewster, "He's a great guy. He ain't no different from us."

A partial organization chart of the company, as developed by members of the Harvard Business School Research Staff, is shown in Exhibit 1.

EXHIBIT 1

MARSHALL COMPANY

PRODUCTION ORGANIZATION CHART *



* This organization chart was developed by members of the Harvard Business School Research Staff for convenience in the use of case material. It is not an official or complete portrayal of the mill organization. The case material will show the actual relationships of the mill personnel, which the organization chart itself does not and cannot indicate.

† Figures represent approximate ages.

From *THE SPIRIT OF INDUSTRIAL RELATIONS**

by

HAROLD S. KIRKALDY

In a recent leading article (29 June 1946) the *Economist* put forward the proposition that "the human donkey requires either a carrot in front or a stick behind to goad it into activity." Activity, energy, application, drive, initiative, are some of the terms applied to the human condition necessary to achieve the desired end of production. A simpler term is "work." Work, and indeed hard work, of hand and brain is still necessary in a world where the satisfaction of human needs depends upon production, where a higher standard of living is a passionate desire of mankind, where increased production creates ever new needs, where machines become ever more ingenious, but neither make nor tend themselves. Why are incentives necessary? Or, rather, is not the fruit of work the incentive to work? Is not the penalty of idleness the deterrent to idleness? What of St. Paul's dictum that "if any would not work, neither should he eat"?

*The "Perin Memorial Lectures" delivered at Jamshedpur in December, 1946. London: Oxford University Press, 1947, p. 60. Quoted by permission of the publisher.

From *INTERNATIONAL POLITICS**

by

FREDERICK L. SCHUMAN

. . . People with power usually relish the joy of commanding others to do their will. They usually enjoy as well the tangible benefits which come from ability to make great decisions and to affect thereby the ever-changing answer to the question of who gets what among the sons and daughters of men. From time immemorial those who have sought power, those who have competed with other power seekers, and those who have resisted or challenged power holders have employed force or fraud or favors or some combination of these devices to thwart rivals, win friends, and influence people. Obedience is had by filling the governed with fear, with love, or with hope of gain. . . .

*New York: McGraw-Hill Book Co., Inc., 1941, p. 261. Quoted by permission of the publisher.

MARSHALL COMPANY (C)*

LAPOINTE

For the month following the starting-up of No. 9 paper machine, Joe Murray,[1] a member of the Harvard Business School Faculty studying the Marshall Company paper mill, spent a good deal of time around it. During this month he found a number of things about the relations among the men that interested him.

Murray had already observed on machine No. 9, as on the other machines in the mill, that, while the duties of the first hands were mainly at the wet end, most of them also spent much of their time at the dry end.[2] Since machine No. 9 had had only a single calender stack prior to its rebuilding, the first hands on that machine were helping the second hands learn to manage the two stacks on the rebuilt machine. When there was a break, the first hands often jumped in with the other men; in case of a bad break, they even helped to pick up the waste paper or "broke." When everything was going well, the first hand often sat on the edge of the table after he finished making his samples and chatted with any hands not occupied at the moment. The first hands discussed with their second and third hands the problems of handling the machine and of running the various orders on which they were working. Frequently they joined the other men at the back of the room for a smoke.

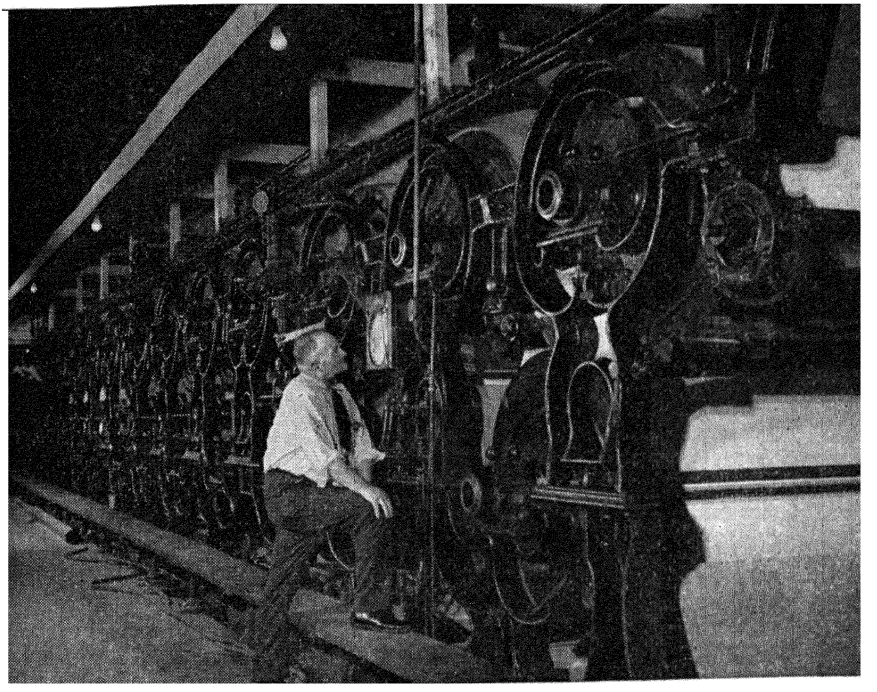
Aside from his contacts with the second hand, the first hand had comparatively little working contact with the rest of his crew. The second hand actually directed the others, trained them, answered their questions, and worked directly with them on many occasions such as changing the core on the drum reel or handling a break at the dry end. The third, fourth, and fifth hands worked more closely together since they handled the winding equipment. They worked elsewhere on the machine only in changing the core on which the paper was rolled or in case of a break at the dry end, although they usually gathered to watch when there was a break at the wet end. When they were not actually working, they wandered around the machine watching the others and asking questions.

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[1] All names have been disguised.

[2] The "wet end" referred to the part of the machine where the highly liquid "furnish," flowing over a moving screen, began the paper-making process. The "dry end" referred to the calender stacks and winding reels on which the paper was wound after passing through the stacks.

Murray was interested in watching the crews when there was a break at the dry end. One day, for instance, he was near the machine while Red MacSweeney's crew was on. Suddenly he heard a shout, which he knew meant trouble. Ernie Crane, the third hand, had noticed a break between the drying rolls and the first calender stack. As he shouted to the rest of the crew, he stepped into the narrow walkway and started



Photograph by Victor Keppler, reproduced through the courtesy of the Eastern Corporation.

PAPER MAKING.—Paper passing through steam-filled dryer rolls. Note: The "Marshall Company" is *not* the Eastern Corporation.

stripping off the narrow shred of paper coming from the rolls. The rest of the crew, with the exception of the first hand, who was occupied at the wet end, arrived at a run. There was very little space for the waste to pile up between the drying rolls and the calender stack. The fourth hand, next to arrive at the trouble spot, picked up a spike with which to separate a narrow strip of paper from the broken sheet. By holding this spike against the paper as it passed over the last drying roll, he split the paper into two widths, one wide and one narrow. Al Bolton, the second hand, attempted without success to feed the narrow strip between the

calender rolls in the first stack. The fourth and fifth hands attempted to tramp down the waste, but it quickly piled up a foot or more deep in spite of their efforts. Grasping a narrow bar only inches from the hot, rapidly turning drying rolls, and close to the rapidly revolving cylinder rolls of the first calender stack, they stood on the heap of waste paper and kicked it under the machine to get it out of the way. Bolton, the second hand, finally succeeded in getting the narrow strip of paper moving properly between the calender rolls. While this strip went through the rolls, the remaining width of the sheet continued to pile up before the rolls as waste. The third hand then ran across the machine through the heaped-up waste, drawing his spike across the paper coming over the last drying roll and thus widening the strip that Bolton had fed through the calender rolls. The paper kept breaking, and the procedure was repeated six or seven times. The men worked quickly, keeping out of one another's way in the narrow space. When the paper was going through again, the process was repeated at the second calender stack and again at the drum reel to start the paper winding. In each case, the first man on the spot performed the first function necessary, no matter which hand he was.

Watching this operation, Murray was reminded of something Len Shawcross, one of the older first hands, had told him. Len's son, Teddy, worked in another crew on No. 9. Len said that Teddy had been on his shift when Teddy first began to work on a paper machine, but after he had made a good start, Shawcross said to him. "Son, it would be better for you if you were on someone else's crew. I'll jump on you quicker than anybody else on my crew. Besides, now you are working for the company and the crew, and for me, too. It would be more to your interest to be on a crew where you could work for the team without having to think about your father." Shawcross concluded, "Teddy thought it over and after a while he came around to my way of thinking. He is on the early shift now."

Talking with Al Bolton after the paper was again winding properly, Murray remarked, "I'm interested in the way you fellows jump to the breaks. You don't waste any time getting there, and the first fellow on the spot goes ahead."

"Oh, sure, you have to," Al said. "The thing is, you all have to work together. You can't just do your own job; you have to pull with the crew."

"I wonder if that explains what I saw this morning," Murray said. "There was a break on the wet end, and I noticed your third hand feeding the paper into the drying rolls." Bolton had let Ernie Crane, the third hand, manage the paper through the several steps between the wire and the driers. He had tried to show Crane how to use an air hose to get all the slack out of the paper and make it lie flat. Crane was unable to get the paper perfectly flat, and the result was that after a few minutes' run it would break. Several times Bolton let Crane manage all these steps, but it broke each time. Bolton then took care of the air hose while Crane fed the paper, and it went through without a break.

When Murray mentioned this incident to him, Al replied that he had been training Ernie in second hand's work. Murray inquired about this, and Al explained that each man was technically responsible for training the man under him. However, since the second hand was "really the active boss of the men on the machine," he carried the main responsibility for training the younger men. The first hand trained the second to be a first hand; the second trained all the men under him. Murray asked whether Bolton "put the men through a regular course of sprouts," but Al replied, "Oh, no. You really just learn by doing. You master your own job and then you watch the next fellow working and do as much as you can. Of course, some of the guys think if you do your own job and then stop, that's what you get paid for. But you don't learn anything that way."

"Isn't there any feeling that you cut in on someone else's job by learning it?" Murray asked.

"Oh, no. You can do as much as you know how," Al said. "A good man will keep you busy answering his questions, and when he does that, you bring him along. Of course, the thing is, you've gotta keep learning so you know more than the other guys." Al paused and seemed for several seconds to be thinking intently. "There's one fellow," he said hesitantly; "he's no good. He came over from the other side of the river[3]

[3]The mill straddled a narrow river. On the western side were located the offices, practically all of the large "production" (paper-making) machines, the pulp mill, the wood yard, and the boiler house. On the east side of the river were one "production" machine—No. 16, the coating department, the machine and maintenance shops, the power plant, the finishing department, and the research laboratories. Management people and "the help" habitually referred to the paper-making machines as "production" machines and to people and activities on the west side of the river as being on "this side of the river." People and activities on the east side of the river were referred to as being on the "other side of the river."

during the war and worked up to be second hand. Now guys are coming back from the service who know more than he does. Men under him are better than he is, but he gives orders and pretends to know more than anyone else. No one likes him."

Murray had a good guess as to whom Bolton meant. He had long been aware that there was a difference between crews, and one stood out in his mind as the least effective of the four shifts. This crew was headed by LaPointe, a man of about 60. LaPointe stayed strictly at the wet end and didn't come near the dry end except to work at the desk or make his samples. Even these jobs he did quickly and hurried back to the wet end. Murray had seen him talk to the rest of his crew only once; on that occasion LaPointe came down to the dry end, issued an order, and immediately returned to his post near the wire. Murray had a clear impression that LaPointe was afraid of the rebuilt machine. It had struck him early that LaPointe set the few automatic controls and then showed great reluctance to change anything unless there was a break or a change in the kind of paper to be run.

Kenneth Douglas, the second hand on LaPointe's crew to whom Al referred, was a big man who looked younger than his 50 years. Murray had observed that Douglas yelled at the men a good deal but did not seem to get as quick results when trouble arose as did the other second hands. Although there seemed to be little small talk among the men on this crew, Murray found Douglas pleasant enough to talk with. He described one of his men as "a good Joe." "Everybody likes him," Douglas said, "he always has something to say that makes you laugh."

The third, fourth, and fifth hands on LaPointe's crew spent most of their time working on the winding equipment. They handled their equipment with less skill than the men on the other shifts and they seemed to have a great many breaks in the winding. Murray knew that on all shifts the third, fourth, and fifth hands worked the most steadily, but on this crew alone they worked continuously, almost never taking time to talk with the others or to duck out for a smoke.

Because of what Al Bolton had told him, Murray became interested in LaPointe's crew. Several days after his conversation with Al, he noticed a new man working on the crew. He mentioned it to James, a young college graduate who was "going through the mill" as part of his training for an administrative position. "Isn't Teddy ordinarily on Red MacSweeney's crew?" Murray asked.

"He used to be," James replied. "This crew has just been changed. It was the poorest crew, so Teddy was brought in to help even it up."

Murray wondered whether the men knew why the transfer had been made, and James replied, "Oh, I think so. The output figures are kept posted at the desk. If one crew is always 10,000 pounds behind and hasn't had breakdowns, you know there's something wrong."

"You mean everyone knows there is a difference between crews?" Murray ventured.

"Oh, sure," James responded. "For instance, MacSweeney's crew is as good as we have. This one, LaPointe's crew, is so excitable. The second hand is the most excitable guy I have ever seen. The minute something goes wrong he's all up in the air, so the rest of them get excited and don't know what to do."

Murray wanted to know what had become of the man whom Teddy replaced. James did not know for sure but thought he had been sent to the beater room, where less skill was required.

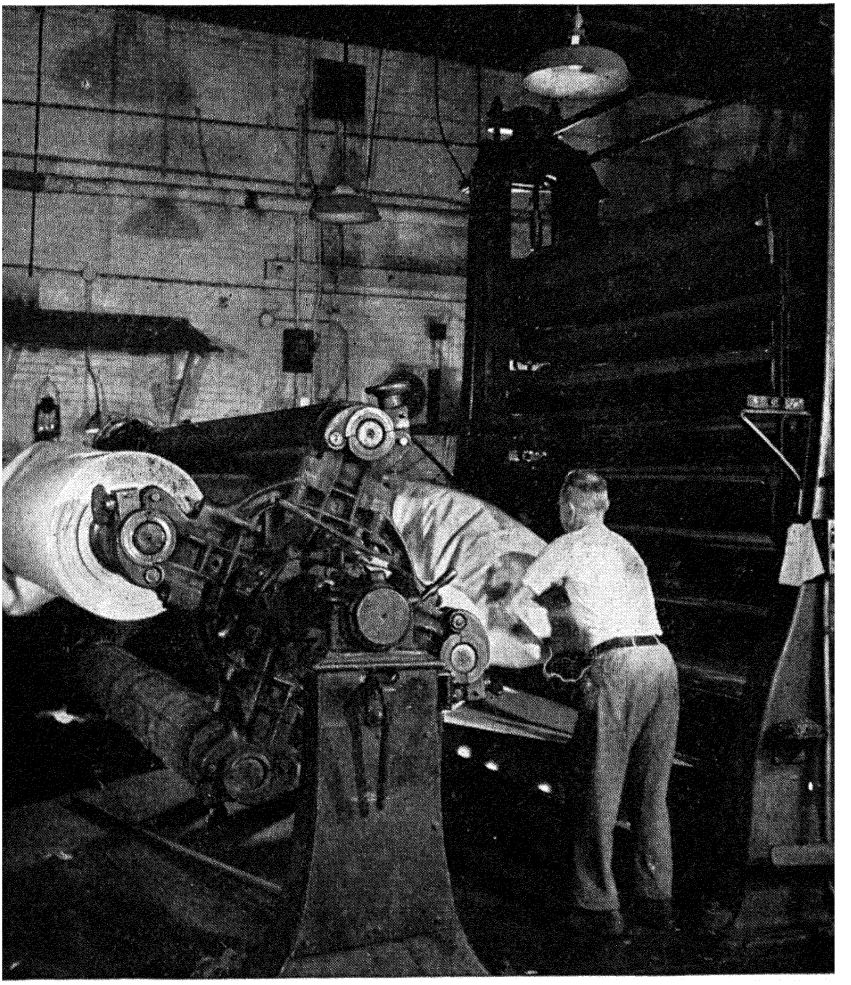
That afternoon, Murray mentioned the change to Red MacSweeney, who was first hand on the crew from which Teddy had been taken, and whom Murray knew fairly well. MacSweeney replied that the fourth hand on LaPointe's crew had just been sent to work in the beater rooms[4] because he had not done his job properly. "It wasn't really the boy's fault," MacSweeney added. Murray thought he showed a trace of bitterness. "The kid is a little slow to catch on, but he could have been trained all right by a good second hand. Douglas just didn't teach the kid what to do, so of course it looked to the bosses as though the boy wasn't doing his job. It was really Douglas' fault, but he blamed it on the boy. That's what happens when a guy won't take responsibility for his own mistakes."

"Couldn't LaPointe do anything for him?" Murray asked.

"Well," MacSweeney said, "Douglas and LaPointe are a pair. LaPointe has been a first hand for 20 years, and none of us can understand how he has gotten by. He's not too good a papermaker, and he certainly is poor with the men. It shows in the crew, too. The men get discour-

[4]In the beater rooms the "furnish," consisting of pulp, clay, dyes, etc., was mixed in large tanks called "beaters," about 18–20 feet across which were set almost flush with the floor. In these beaters large metal paddles, revolving in opposite directions, stirred and mixed the ingredients. Fluid pulp was conveyed by pipes to the beater; other ingredients were added by hand by means of buckets and wheel barrows.

aged and don't care. Instead of working together, they all pull against each other."



Photograph by Victor Keppler, reproduced through the courtesy of the Eastern Corporation.

PAPER MAKING.—Changing a reel at the dry end of the machine; paper is coming out of the calendar stacks at the right at the rate of 600 feet per minute. The reel at left is waiting to be rewound. NOTE: The "Marshall Company" is *not* the Eastern Corporation.

"What do you mean?" Murray inquired.

"Well," MacSweeney said, "for instance, when they see something wrong, if it is not their particular responsibility, they don't say anything

about it. And when there's a break, they don't work together. They don't jump so fast to catch it, either."

Murray asked about Teddy who had taken the fourth hand's place, and MacSweeney grinned. "It's not definite yet," he replied. "He used to be our fifth hand. He's a nice kid and could handle the work, but he didn't really want the promotion because he didn't want to work under Douglas. Finally he took it when the personnel man promised him he could come back to this shift if he couldn't get along with Kenneth Douglas."

MacSweeney's comments caught Murray's interest, and he became alert for the opinions of the management group regarding this crew. Nichols, for instance, approached Murray a day or so later, while LaPointe's crew was operating No. 9 machine, and remarked that he had been having trouble with this crew. To locate the bottleneck, he said, he had spent his "loafing time" around No. 9 for a couple of weeks. In this time it had become clear to him that the root of the difficulty was the fourth hand, who did not seem to Nichols to be doing his work. Consequently, Nichols had sent the man to work in the beater rooms, where there was a necessary minimum of work to do and he would not hold anyone up if he did no more than that.

Blanchard, in the course of a conversation with Murray, said there was some feeling that LaPointe was not good enough to take the higher speed on the new machine. Production records, however, indicated that he had held his own over a period of time. "It is true," Blanchard said, "that he doesn't like the speed and maybe he doesn't make as good quality as some of the others, but he always makes just about good enough paper to get by. When he gets the machine set, he is afraid to make any changes for fear he will get into difficulties. The others are always trying to do a little better, and they know more about their machines; but it doesn't show up in the records."

On another occasion Mr. Graham, the production manager, commented, "LaPointe should never have been put on No. 9 in the first place. The speed scares him. I know he ought to be moved, and I think Dave Nichols knows it. Some of the other foremen don't know it yet. They will find it out in a while and then we will be able to move him."

"You did move one of his hands, didn't you?" Murray asked.[5]

[5]The reference was to the fourth hand on LaPointe's crew who had been reassigned to the beater rooms.

"Yes," Graham answered. "He was a big awkward boy who I don't think will ever make a hand. His father wanted him on the machines so we put him on. But he's an awkward boy, always getting in his own way. Sooner or later he'll get hurt."

QUESTIONS

1. What does Len Shawcross' remark to his son Teddy, "It would be more to your interest to be on a crew where you could work for the team without having to think of your father," reveal to you concerning the way people on the machines tended to think about their jobs, their associates, and the company?
2. What do the following comments, made by Al Bolton to Joe Murray, reveal to you about the way people on the machines tended to think about things:
   a) "The thing is, you all have to work together. You can't just do your own job; you have to pull with the crew"?
   b) "You really just learn by doing. You master your own job and then you watch the next fellow working and do as much as you can. Of course, some of the guys think if you do your own job and then stop, that's what you get paid for. But you don't learn anything that way"?
   c) "A good man will keep you busy answering questions, and when he does that, you bring him along"?
3. How would you explain the seemingly lower degree of efficiency of La-Pointe's crew as compared with Red MacSweeney's?
4. What do you make of the fact that Teddy Shawcross was put in as fourth hand to help "even up" La Pointe's crew?
5. What light does the statement of Mr. Graham regarding LaPointe and the foremen's view on LaPointe shed upon the way Mr. Graham ranks matters as being of greater or lesser importance?
6. To what extent, if at all, is the point of view expressed by Graham in connection with the LaPointe situation compatible with making the greatest possible profit for the company?
7. What do you think of the fact that the fourth hand on LaPointe's crew, who was transferred to the beater rooms, had been put on the machine in the first place, even though Graham was sure he would never "make a hand," because the boy's father wanted him put on?
8. If Mr. Graham is sure that this "awkward boy" is going to get hurt sooner or later, is he meeting or shirking his responsibility as an administrator in this particular company if he permits the boy to continue to work in the paper mill? What would the boy himself, the boy's father, and Red Mac-Sweeney think if Mr. Graham refused to employ the boy any longer on the ground that "sooner or later he'll get hurt"?

From *THE DECAY AND RESTORATION OF CIVILIZATION**

by

ALBERT SCHWEITZER

The final decision as to what the future of a society shall be depends not on how near its organisation is to perfection, but on the degrees of worthiness in its individual members. The most important, and yet the least easily determinable, element in history is the series of unobtrusive general changes which take place in the individual dispositions of the many. These are what precede and cause the happenings, and this is why it is so difficult to understand thoroughly the men and the events of past times. The character and worth of individuals among the mass and the way they work themselves into membership of the whole body, receiving influences from it and giving others back, we can even to-day only partially and uncertainly understand.

One thing, however, is clear. Where the collective body works more strongly on the individual than the latter does upon it, the result is deterioration, because the noble element on which everything depends, viz., the spiritual and moral worthiness of the individual, is thereby necessarily constricted and hampered. Decay of the spiritual and moral life then sets in, which renders society incapable of understanding and solving the problems which it has to face. Therefore, sooner or later, it is involved in catastrophe.

* London: A. & C. Black, Ltd., 1923, pp. 73–74. Also published in the United States by the Macmillan Company, New York, 1923. Also included in an anthology, *Man and God,* prepared by Victor Gollancz, Boston: Houghton Mifflin Company, 1951, p. 218. Reproduced by permission of A. & C. Black, Ltd., and the Macmillan Company.

MARSHALL COMPANY (G)*

PAUL BLANCHARD

Joe Murray,[1] a member of the Harvard Business School Faculty, who was making a study of the Marshall Company mill, dropped into the office of Paul Blanchard, the assistant production manager, one morning and sat down. He had previously discussed with Blanchard in some detail Blanchard's relations with the specialty group and with the men who worked in the production office and in the papermaking department.

Blanchard began the conversation casually. " 'Morning, Joe. I had an interesting thing happen to me a minute ago. I just finished talking to Mr. Prout on the phone about that wax-coated paper we are running. Ned Kenyon had been having some trouble with it, and when he got stuck, he finally came in to see me. We went over the situation carefully and decided what must be done. I called Mr. Prout up and told him our conclusions. He just flatly refused to do it."

At the time of the case, the demand for papers of all kinds heavily exceeded the supply of materials and paper-making facilities. The Marshall Company sales and production personnel frequently found it necessary to ask the customers to accept paper that differed from the established specifications. They were making great efforts, however, to meet the customer requirements in coated papers as well as other types.

Many of the high-quality papers produced by the mill, in addition to certain of the specialty papers, were coated papers. The coating department was one of the major divisions of the mill. Mr. Prout had worked in the coating and calendering department for many years, while his father had been its superintendent, and had succeeded to the position when his father retired. He reported directly to Mr. Graham. Mr. Brewster considered Mr. Prout a "technically excellent man." Murray heard that Mr. Prout felt that his department was an empire separate from the rest of the mill.

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[1] All names have been disguised.

Blanchard's supervisory work on the specialty papers, plain and coated, occupied a major portion of his time and took him into most of the departments of the mill. The remainder of his supervisory work dealt largely with the quality of the standard plain papers. On this work he dealt with the papermaking department, which was under the supervision of Dave Nichols, and with the finishing department, which was headed by Mr. Goodwin. On the supervision of the coated specialty papers, however, he dealt with Mr. Prout, who was responsible to Mr. Graham for production and quality of all coated papers.

"I usually can get things done with Frank Goodwin in the finishing department," continued Blanchard. "He trained me right. Over a long period of time he taught me to be careful in the way I deal with him. I never got into any real trouble with him, but every once in a while, at first, he would call me up and say, 'Paul, what was that business you were talking to so-and-so about this afternoon?' After I'd explained and we had come to a conclusion, he'd make some comment such as, 'It would have been easier to have talked to me in the first place.' For a long time now I've always gone to him first on anything I thought ought to be done. If for any reason he is away, of course I don't hesitate to talk to Hank Crawford in the plain paper section of the finishing department, or to Allen on a coated specialty paper. I'm always careful, however, to ask them to talk to Frank about the problem when he gets back.

"When I go down through the mill, naturally I see things that ought to be changed or the men tell me about things that need improvements. I generally talk to Crawford or even to Phillips or McColl [supervisors in the finishing department] about things there, and in one way or another they seem to get done. I don't know exactly what happens. I suppose they go to Frank and say something like, 'I was talking to Paul Blanchard the other day and such and such seemed like a good idea. What do you think?' Discussing a problem and leaving the conclusion for them to act upon seems to work pretty well with the men who are about my own age. With the older men it doesn't seem to work so well."

"How about men like Bill Phinney, superintendent of the pulp mill?" asked Joe. "He's about your age, isn't he?"

"Well," replied Blanchard, "I don't see much of him anyway. He deals directly with Mr. Brewster or Mr. Graham. My work doesn't take me into the pulp mill very much. Once in a while something comes up and I go over to see him, but that isn't often. I want to see him now on that run of dirty pulp we had the other night. We ran 80 tons of paper,

as you know, on machines Nos. 11 and 14 before we stopped the run. It seems ridiculous that the people in the pulp mill would try to save 16 to 18 tons of pulp and let us spoil 80 tons of paper. If they had let us know in advance, perhaps we could have made some kind of paper where the dirt did not matter so much. The pulp mill had storage room for that much pulp, and they could have held it for a little while so that we could have had some choice of what kind of paper to use it in. You know, we could have used it in one-side coated paper, where it would have been covered up, or in paper for bottle and can labels, where the print would hide the dirt. Coming unexpectedly over the week end, as it did, it upset the night men. They are not as intimately acquainted with customer requirements as the day men and did not know exactly what ought to be done. Selling that paper to the jobbers may not be too serious a problem. We'll still make a profit on it, although a smaller one than we would have made on the original order. The worst thing is that we are behind in our allotments on that order. We can't tell the customer that we just can't make paper good enough to ship him. We have to tell him that we are behind on our schedules; we will be, too. All the other orders will get upset.

"I see Phinney on that sort of thing. I talk to him from time to time on things that affect the quality of the paper, but I don't see him regularly in the course of my ordinary work. John Graham has probably talked to Phinney about that load of dirt already, but I wouldn't expect John to talk to me about it. He would expect me to see Phinney myself to find out what it was all about and to see what can be done to stop it happening again."

Blanchard went on to say. "Mr. Prout's department is different. I work with them all the time. I go through there every day as I do through the paper mill and the finishing department. Naturally, I see things and the men talk to me. I remember when I was going through the calendering department the other day. One of the rolls of paper—they weigh about 2,000 pounds, you know—was propped up on the bench with a stick. It might have been kicked loose or jarred out and caused a serious accident. I talked to the man who was handling the paper about it and told him how dangerous it was. He told me a lot about how hard it was to handle the rolls there now, since the benches were getting worn out, and things like that. I went in to see Mr. Prout after that and discussed the situation with him, but I don't think much happened. I have no idea what he did about that particular roll or the

man who was working on it. I imagine that the condition of the benches was just a temporary thing, while he was waiting for the maintenance department to get around to fixing it.

"Sometimes I don't have any luck in dealing with Mr. Prout. Often I can ask him to do things in a certain way and explain the reasons and he will do it. Sometimes I can't get anywhere with him. When you came in, I had just asked him to have the machine running the light tissue shut down until we had finished running the paper that required the wax finish. I explained to him how we had tried to run them both together and couldn't make it work. He merely said to me, 'I will not shut down that machine,' and hung up. This is a situation where I will have to work out something with him. Both the tissue and wax-finish paper are specialty papers, and at the present time the quality of neither of them is good enough to sell. He's running them on those two machines that have the joint temperature control and they just won't work for those runs. If we get the temperature high enough to handle the wax on one of the machines, it's too high for that very thin paper on the other machine and it comes through brittle. We've tried all the combinations we can think of, and there seems to be nothing we can do to run them both at once. The other machines that will take these orders are all tied up, so we have to run them on these machines."

"What are you going to do now?" asked Joe Murray.

"Well, I guess I had better go down and talk it over with Mr. Prout," replied Blanchard. "We will have to work out something."

QUESTIONS

1. What do you think of the fact that, if Frank Goodwin is away from the finishing department, Paul Blanchard did not hesitate to talk with Crawford or Allen if he saw something he thought ought to be done? How does this compare with or contrast to Bolton's action when the paper broke between the paper machine and the calender rolls [Marshall Company (C)]?

2. What do you make of Blanchard's remark that "with older men," "discussing a problem and leaving the conclusion for them to act upon" didn't "seem to work so well"?

3. What, do you suppose, did Austin Brewster and John Graham think of the fact that the pulp mill sent 16 to 18 tons of dirty pulp to the paper mill without letting the paper mill know in advance? In the light of your understanding of John Graham, what, would you think, did he probably say to Phinney about this happening?

4. What do you think of Blanchard's relationships with people in Mr. Prout's department? How do they compare with, or contrast to, his relationships with the people in the paper mill and with the people in the finishing department?

5. Why was it that sometimes, when Blanchard asked Mr. Prout to do things in a certain way, Mr. Prout did so, and on other occasions refused? Why, would you say, did Mr. Prout refuse to shut down the machine when Blanchard called to tell him of the decision which he (Blanchard) and Kenyon had reached?

6. Do you agree with Blanchard that he should "go down and talk it over with Mr. Prout"? If so, what should be Blanchard's attitude toward Mr. Prout when he goes down to the coating department? Toward himself? Why? If not, what do you think *should* Blanchard do? Why?

7. What lesson, do you think, should Blanchard learn from Mr. Prout's reaction when informed by Blanchard of the conclusion which he and Kenyon had reached?

8. What, if anything, would be the suitable and useful thing for Blanchard to do or to say in connection with the dirty pulp which was sent over to the paper mill by the pulp mill that night?

EXCERPTS FROM STUDENTS' REPORTS ON MARSHALL COMPANY (G)

Marshall Company (G) was assigned as a written report in the subject "Administrative Practices." The questions asked were:

1. What do you think Mr. Blanchard has done?
2. What do you think Mr. Blanchard should do?

The students were asked to limit their reports to 1,500 words.

There follow some excerpts from a number of reports. These excerpts have to do primarily with the second question, "What do you think Mr. Blanchard should do?" These excerpts were not "representative" or "typical" of the reports written. They were selected on the basis of their interest as subjects of discussion.

EXCERPTS FROM STUDENTS' REPORTS

1

. . . With the situation as it stands now, Blanchard will have to go to Mr. Prout, explain his troubles, and ask Mr. Prout what he thinks ought to be done. If a satisfactory result does not occur, Blanchard will have to put ideas into Mr. Prout's mind, make Mr. Prout think they are his own. . . .

2

The solution is, however, that if the ideas Prout offers don't agree with the previous decision of Blanchard, Kenyon should use the "what do you think of this solution?" method of approach. That is, state the desired solutions in such a way as to make Prout think he developed the idea.

In time and with sufficient influence, Blanchard will be able to steer Prout into the correct decision.

3

Mr. Prout's co-operation might be secured if Paul Blanchard explains the reasons for such a needed change in detail and in such a manner as to show Prout that it was in the best interests of the coating department and the company as a whole. . . .

4

Having already realized that the Prout incident could be characterized as one of those times when "I can't get anywhere with him," Blanchard has decided to go down and talk it over with Prout personally. This, of course, is the important, immediate action necessary. When he sees Prout, Blanchard should

apologize for having conveyed the impression that he had ordered Prout to shut the machine down, or had expected him to regard it in any way other than one possible solution that he and Kenyon had thought of.

5

In conclusion, therefore, Mr. Blanchard has again run up against both the rift between high production and high quality and his inability to get proper co-operation from Mr. Prout in the Coating Department. His ability to solve this problem and others of the same caliber will stem from several sources. Firstly, he must find some way to get along with Mr. Prout in such a way as to gain his co-operation in all matters. Secondly, the lines of his authority must be analyzed and made clear to all concerned. If the authority which he has is insufficient to insure proper quality control, such authority must be given him. Thirdly, Mr. Blanchard must start a campaign in the company to make the entire organization "quality conscious" in preparation for the time when the customer will be in a position to insist on strict adherence to standards. Such a campaign, if properly carried out, will not only profit the company but also add backing and foundation to his authority.

6

In dealing with Prout now in regard to the present coating problem and in the future in regard to building a better relationship Blanchard should let the facts of the situation given above govern his actions. First of all the conflict over the telephone is a small matter. Secondly, from the nature of Blanchard's position it is up to him to get along with Prout, it is not his job to tell Prout what specifically to do but to point out the need for action and to offer his assistance. Right now, Blanchard should talk personally to Prout showing an appreciation for the difficulties of reconversion and asking how Kenyon and himself can be of service. Real authority derives from service. In the future Blanchard should deal as much as possible with Prout directly on all matters that concern his department and should rely on Prout's pride in his work and show confidence in his good judgment.

7

"Mr. Prout, you're right. I got so involved in the idea that all that paper might not be sold, that I completely lost my perspective. Kenyon came to me to discuss the problem, and I got carried away by our solution. There are probably better ones; I just can't seem to think of anything else. What do you think?"

8

As for concrete action in regard to the present Prout situation, Blanchard should go to Prout as if seeking answers, rather than dispensing them. He should consult with him, evidencing a desire to utilize Prout's fund of technical know-how, and imply that Prout, rather than he, is making the decisions affecting the coating department. When dealing with a man emotionally upset and inclined to be nonlogical because of this upset, an indirect approach appealing to the ego should be adopted, and an attempt should be made to utilize those very emotions which are serving to block the accomplishment of one's aims.

9

There are, however, two feasible methods of handling this problem. The first is to do nothing. Prout is obviously aware of the difficulty on the joint temperature control machines because he is well informed on what is being produced in his department. He knew Kenyon had been working on the problem before Blanchard was even consulted, and the inspection department's routine tests will soon notify him that the wax tissue paper is substandard if it has not done so already.

Undoubtedly Prout will apply his technical skill to the problem, and if that fails he will call in Graham. In any case the quality control problem will be taken care of by machine adjustments or rescheduling.

The manufacturing problem will be solved without any additional effort by Blanchard, and he could stay away and avoid antagonizing Prout any further.

10

Blanchard's next step should be to discuss the situation thoroughly with Prout and attempt to ferret out the real reason for Prout's refusal. Once this is known, Blanchard will be in a better position to win Prout around, not by means of an order but by an intelligent discussion of the pros and cons of the action. Blanchard's major problem, however, is to size up Prout as he has sized up Goodwin and to pattern an approach which will enable him to fulfill the responsibilities of the particular positions which he will probably hold as he moves on up in the organization whenever they involve getting Prout to do something. Blanchard will probably occupy Graham's position in a short time, and in this capacity his ability to deal effectively will be indispensable to the efficient operation of the company.

In conclusion it is apparent that Blanchard must learn to handle Prout and all the other "Prouts" which he may encounter in his administrative career. Under this particular set of circumstances he must learn to handle Prout in order to achieve the required quality control and thereby maintain the Marshall Company's position as a leader in the field. He must accomplish this also to further his own advancement since both Brewster and Graham will be watching the way he handles the situation, they will be watching the company's relations with its customers, they will be watching the operating statements. Blanchard will be judged to a great extent on what these three areas reveal about his ability as an administrator.

11

In dealing with Prout, Blanchard should have two objectives in mind—first, the immediate problem of the coating machine and, second, preventing reoccurrence of this type of misunderstanding. Assuming that Blanchard now recognizes the need for a different kind of behavior toward Prout, action can now be recommended. For the immediate question, Prout should be approached somewhat apologetically in line with the thought that perhaps the machine should not be shut down because of the need for production but can't the two of us figure out a better solution. As usual, the conversation should center on production problems. Blanchard must move slowly and take care not to offend Prout further. He may reasonably expect Prout must know he was overly abrupt

and though he believes himself right, does not want to further antagonize one who may be plant manager. In the future Blanchard should be careful to confer with Prout on matters concerning the coating department. Prout's importance must be built up to counterbalance any inferiority he may feel by being on the other side of the river. The importance he feels as department head must not be attacked or Prout will become more insecure and defensive.

12

Working through Prout's control room, a further intrusion on his kingdom, or through the main control room, an escape from facing the issue—and Prout, would hardly offer an effective solution either. Nor could the maintenance department be expected to make the necessary technical changes in a sufficiently short time. What then remains? Blanchard should briefly review the occasions when he managed to get along without Prout and the possible reasons within his control; he should then see Prout after giving him time to regain his emotional equilibrium. He should first elicit Prout's reasons for the stand he has taken, by way of seemingly asking him for advice. If Prout requires positive proof of the defective quality of both papers as now produced, Blanchard should furnish it in the shape of an objective Control Room comparison of customer specifications and the present products. There is however a suspicion that Prout has no need of that and that Blanchard's request may already have been made to him by Sullivan. In that case Prout may have his own, or a valuable contribution to a joint solution of the problem to make which Blanchard should bring out into the open, bringing his own knowledge as to delivery, priorities to bear, and if need be calling on Elcott to elucidate the scheduling side of the problem.

13

It would be much better for Mr. Blanchard to use a direct, honest appeal for help, after first admitting to himself that Mr. Prout knows more about his machines anyway. To be very specific I should like to suggest that he put the question to Mr. Prout in this manner: "How can we solve the problem of running both wax and tissue coatings?" There would be no beating around the bush, no soft-soaping, no talk about "let's you and me co-operate." Just a simple direct question, but the implication is that "you, Mr. Prout, know a great deal about the operation of the machines in your department, and I know very little. I should have come to you in the first place, but it took me this long to see how dumb I was. Now let's get together and make paper."

A LETTER TO GENERAL U. S. GRANT*

from

ABRAHAM LINCOLN

Executive Mansion
Washington
April 30, 1864

LIEUTENANT GENERAL GRANT.

Not expecting to see you again before the Spring campaign opens, I wish to express, in this way, my entire satisfaction with what you have done up to this time, so far as I understand it. The particulars of your plans I neither know or seek to know. You are vigilant and self-reliant; and, pleased with this, I wish not to obtrude any constraints or restraints upon you. While I am very anxious that any great disaster, or capture of our men in great numbers, shall be avoided, I know these points are less likely to escape your attention than they would be mine. If there is anything wanting which is within my power to give, do not fail to let me know it.

And now with a brave army, and a just cause, may God sustain you.

Yours very truly,

A. LINCOLN

* The original letter is in the Henry E. Huntington Library & Art Gallery, San Marino, California.

From *AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS**

by

ADAM SMITH

BOOK I

Of the Causes of Improvement in the Productive Powers of Labour, and of the Order According to Which Its Produce Is Naturally Distributed among the Different Ranks of the People

CHAPTER I

Of the Division of Labour

The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labour.

The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though in such manufactures, therefore, the work may really be divided into a much greater number of parts,

* Quotation from the fifth edition (London, 1789). The first edition of Smith's work was published in March, 1776.

than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations [Vol. I, pp. 6–9].

. . . . . .

This great increase of the quantity of work, which, in consequence of the division of labour, the same number of people are capable of per-

forming, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.

First, the improvement of the dexterity of the workman necessarily increases the quantity of the work he can perform; and the division of labour, by reducing every man's business to some one simple operation, and by making this operation the sole employment of his life, necessarily increases very much the dexterity of the workman. A common smith, who, though accustomed to handle the hammer, has never been used to make nails, if upon some particular occasion he is obliged to attempt it, will scarce, I am assured, be able to make above two or three hundred nails in a day, and those too very bad ones. A smith who has been accustomed to make nails, but whose sole or principal business has not been that of a nailer, can seldom with his utmost diligence make more than eight hundred or a thousand nails in a day. I have seen several boys under twenty years of age who had never exercised any other trade but that of making nails, and who, when they exerted themselves, could make, each of them, upwards of two thousand three hundred nails in a day. The making of a nail, however, is by no means one of the simplest operations. The same person blows the bellows, stirs or mends the fire as there is occasion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button, is subdivided, are all of them much more simple, and the dexterity of the person, of whose life it has been the sole business to perform them, is usually much greater. The rapidity with which some of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

Secondly, the advantage which is gained by saving the time commonly lost in passing from one sort of work to another, is much greater than we should at first view be apt to imagine it. It is impossible to pass very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a small farm, must lose a good deal of time in passing from his loom to the field, and from the field to his loom. When the two

trades can be carried on in the same workhouse, the loss of time is no doubt much less. It is even in this case, however, very considerable. A man commonly saunters a little in turning his hand from one sort of employment to another. When he first begins the new work he is seldom very keen and hearty; his mind, as they say, does not go to it, and for some time he rather trifles than applies to good purpose. The habit of sauntering and of indolent careless application, which is naturally, or rather necessarily acquired by every country workman who is obliged to change his work and tools every half hour, and to apply his hand in twenty different ways almost every day of his life; renders him almost always slothful and lazy, and incapable of any vigorous application even on the most pressing occasions. Independent, therefore, of his deficiency in point of dexterity, this cause alone must always reduce considerably the quantity of work which he is capable of performing.

Thirdly, and lastly, everybody must be sensible how much labour is facilitated and abridged by the application of proper machinery. It is unnecessary to give any example. I shall only observe, therefore, that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things. But in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple object. It is naturally to be expected, therefore, that some one or other of those who are employed in each particular branch of labour should soon find out easier and readier methods of performing their own particular work, wherever the nature of it admits of such improvement. A great part of the machines made use of in those manufactures in which labour is most subdivided, were originally the inventions of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it. Whoever has been much accustomed to visit such manufactures, must frequently have been shown very pretty machines, which were the inventions of such workmen, in order to facilitate and quicken their own particular part of the work. In the first fire-engines, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or de-

scended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve which opened this communication to another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour [Vol. I, pp. 9–15].

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CHAPTER II

Of the Principle Which Gives Occasion to the Division of Labour

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another [Vol. I, pp. 19–20].

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The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were, perhaps, very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have

had the same duties to perform, and the same work to do, and there could have been no such difference of employment as could alone give occasion to any great difference of talents.

As it is this disposition which forms that difference of talents, so remarkable among men of different professions, so it is this same disposition which renders that difference useful. Many tribes of animals acknowledged to be all of the same species, derive from nature a much more remarkable distinction of genius, than what, antecedent to custom and education, appears to take place among men. By nature a philosopher is not in genius and disposition half so different from a street porter, as a mastiff is from a greyhound, or a greyhound from a spaniel, or this last from a shepherd's dog. Those different tribes of animals, however, though all of the same species, are of scarce any use to one another. The strength of the mastiff is not in the least supported either by the swiftness of the greyhound, or by the sagacity of the spaniel, or by the docility of the shepherd's dog. The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least contribute to the better accommodation and conveniency of the species. Each animal is still obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows. Among men, on the contrary, the most dissimilar geniuses are of use to one another; the different produces of their respective talents, by the general disposition to truck, barter, and exchange, being brought, as it were, into a common stock, where every man may purchase whatever part of the produce of other men's talents he has occasion for [Vol. I, pp. 23–25].

From *DEMOCRACY IN AMERICA**

by

ALEXIS DE TOCQUEVILLE

I have shown how democracy favors the growth of manufactures, and increases without limit the numbers of the manufacturing classes; we shall now see by what side-road manufacturers may possibly, in their turn, bring men back to aristocracy.

It is acknowledged, that, when a workman is engaged every day upon the same details, the whole commodity is produced with greater ease, promptitude, and economy. It is likewise acknowledged, that the cost of production of manufactured goods is diminished by the extent of the establishment in which they are made, and by the amount of capital employed or of credit. These truths had long been imperfectly discerned, but in our time they have been demonstrated. They have been already applied to many very important kinds of manufactures, and the humblest will gradually be governed by them. I know of nothing in politics which deserves to fix the attention of the legislator more closely than these two new axioms of the science of manufactures.

When a workman is unceasingly and exclusively engaged in the fabrication of one thing, he ultimately does his work with singular dexterity; but, at the same time, he loses the general faculty of applying his mind to the direction of the work. He every day becomes more adroit and less industrious; so that it may be said of him, that, in proportion as the workman improves, the man is degraded. What can be expected of a man who has spent twenty years of his life in making heads for pins? and to what can that mighty human intelligence, which has so often stirred the world, be applied in him, except it be to investigate the best method of making pins' heads? When a workman has spent a considerable portion of his existence in this manner, his thoughts are forever set upon the object of his daily toil; his body has contracted certain fixed habits, which it can never shake off: in a word, he no longer belongs to himself, but to the calling which he has chosen. It is in vain that laws and manners have been at pains to level all the barriers round such a man, and to open to him on every side a thousand different paths

* Quotations from the fourth English edition (Cambridge, England, 1864). Part I of De Tocqueville's work was first published in 1835, Part II in 1840, in Paris.

to fortune; a theory of manufactures more powerful than manners and laws binds him to a craft, and frequently to a spot, which he cannot leave: it assigns to him a certain place in society, beyond which he cannot go: in the midst of universal movement, it has rendered him stationary.

In proportion as the principle of the division of labor is more extensively applied, the workman becomes more weak, more narrow-minded, and more dependent. The art advances, the artisan recedes. On the other hand, in proportion as it becomes more manifest that the productions of manufactures are by so much the cheaper and better as the manufacture is larger, and the amount of capital employed more considerable, wealthy and educated men come forward to embark in manufactures, which were heretofore abandoned to poor or ignorant handicraftsmen. The magnitude of the efforts required, and the importance of the results to be obtained, attract them. Thus, at the very time at which the science of manufactures lowers the class of workmen, it raises the class of masters.

While the workman concentrates his faculties more and more upon the study of a single detail, the master surveys an extensive whole, and the mind of the latter is enlarged in proportion as that of the former is narrowed. In a short time, the one will require nothing but physical strength without intelligence; the other stands in need of science, and almost of genius, to insure success. This man resembles more and more the administrator of a vast empire,—that man, a brute.

The master and the workman have then here no similarity, and their differences increase every day. They are only connected as the two rings at the extremities of a long chain. Each of them fills the station which is made for him, and which he does not leave: the one is continually, closely, and necessarily dependent upon the other, and seems as much born to obey, as the other is to command. What is this but aristocracy? [Vol. II, pp. 193–95.]

. . . . . .

I am of opinion, upon the whole, that the manufacturing aristocracy which is growing up under our eyes is one of the harshest which ever existed in the world; but, at the same time, it is one of the most confined and least dangerous. Nevertheless, the friends of democracy should keep their eyes anxiously fixed in this direction; for if ever a permanent inequality of conditions and aristocracy again penetrate into the world, it may be predicted that this is the gate by which they will enter [Vol. II, p. 197].

MARSHALL COMPANY (MR_3)*

THE FINISHING DEPARTMENT: SORTING AND INSPECTING

To increase his understanding of the Marshall Company,[1] Joe Murray decided to spend some time in the finishing department. In the finishing department paper was cut into sheets of specified size, counted, sorted, inspected, and prepared for shipment. Joe Murray was especially interested in observing the groups of people engaged in counting, sorting, and inspecting the finished sheets of paper. These groups, in contrast with those working on the paper machines, were composed mostly of women, and their work entailed the use of very little mechanical equipment.

Most of the work of counting, sorting, and inspecting was performed in two rooms known respectively as the "count-and-fan room" and the "big room." The "count-and-fan room," where plain papers were handled, got its name from the nature of the inspection process carried on there. (This process is described in some detail below.) The "big room," in which coated papers were handled, was so called because of the greater amount of space required for handling the finished sheets of coated paper.

The work of the entire department was directed by Mr. Frank Goodwin, a man in his late sixties, who had been in the mill for almost 50 years and had acted as superintendent of the finishing department for the past 16 years. One of the girls in the department once said to Joe Murray, "Mr. Goodwin must have an awful job. He has to take care of all his own troubles and all of ours, too." Assisting Mr. Goodwin were Bill Crawford, a man of about 36 years, who had been assistant superintendent in charge of the count-and-fan room for the past two years, and Harry Allen, 46, who was in charge of the big room.

As assistant superintendent (in charge of the count-and-fan room), Bill Crawford supervised the work of about 30 women, 15 serving on each shift. They ranged in age from about 20 to 60 years. The older women had worked in the mill for a number of years. All of them lived in the town or on farms nearby. Crawford at one time told Mur-

* Copyright, 1952, by the President and Fellows of Harvard College. Reproduced by permission. The designation "MR_3" simply refers to the third revision of the (M) case in this series.

[1] All names have been disguised.

ray that his interest in his present work was not only in production but in maintaining friendly relations with the workers. "I don't like to keep after the help," Crawford said, "I have a very simple notion that if I give a man a square deal he'll deal fairly with me. It doesn't always work. I've been proved wrong lots of times. Most people will work that way, but there are some who take all they can get and never give. I would rather work with people who can't be driven but who can be led. That's the kind of person I choose when it is up to me."

Crawford paused and then went on, "Sometimes I think I make a mistake in being too friendly. When I walk around the floor, if the help want to tell me about their kids in school or their sick puppy, I like to listen. If they want to show me pictures of their grandparents, I like to look at them. I am anxious to do everything I can to make the people who work here happy. I suppose that sounds like paternalism, and in a lot of circles there is some sort of stigma on that. I don't see anything wrong with the kind of paternalism we practice around here."

The room that Bill supervised was organized in two sections, one for counting and fanning, and one for table-sorting.[2] Unlike the "coated" papers inspected in the big room, plain papers were not table-sorted on the first inspection. Since they tended to show defects of a different, more easily identifiable character, they were "fanned." "Fanning" consisted of lifting the corners of a handful of paper from a ream in such a way that when folded back and released gradually the sheets separated and slid back into place. That handful was then folded back across the top of the pile and the next handful similarly "riffled." By doing this on four sides of a pile (or skid, as it was named because of the wooden platform on which the reams were piled) the worker got a quick look at all except the center of each sheet. When she saw a defective sheet, the worker tore a corner of it so that it stuck out from the pile; torn sheets were removed by the "pilers" when they shifted the completed reams. If there were a great many defective sheets in a batch of paper, for instance one every third or fourth sheet, sorting it in this way would be both slow and awkward. Consequently, the counter had such batches "set off" the skid and sent over to the other side of the room for table-sorting.

When the worker estimated that she had fanned a ream, she counted it by fanning the corners of a handful of paper to separate the

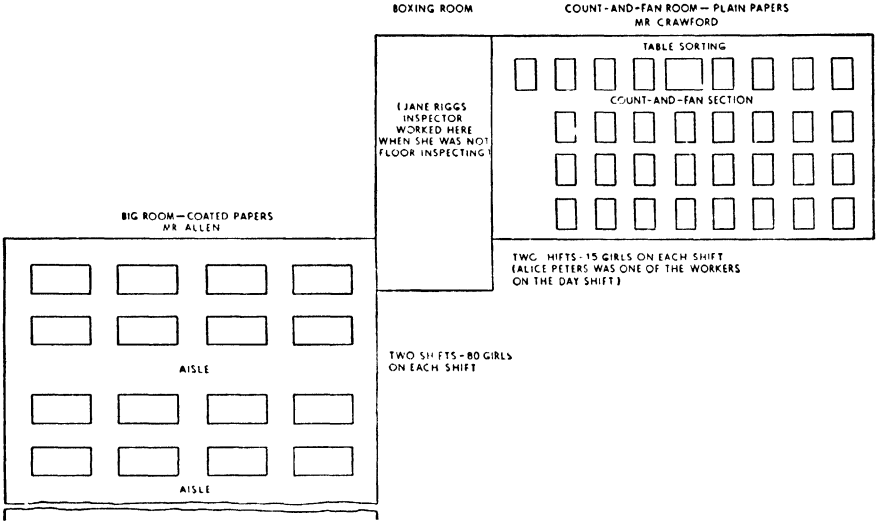
[2] See Exhibit 1.

sheets and then, moving her fingers in a given order, counted the sheets four at a time. When she had counted 25 fours, she folded the paper back across the top of the pile, holding it there with her elbow while she repeated the count on the next 100 sheets. Five 100's gave her a ream. After inserting a ticket bearing her number as a marker she

EXHIBIT 1

MARSHALL COMPANY

FINISHING DEPARTMENT
FRANK GOODWIN, SUPERINTENDENT



repeated the process for the next ream on the skid. Meanwhile, a team of two men called "pilers" pulled out the torn sheets and removed the two sorted reams from the top of the skid, to make the remaining paper accessible. Each girl worked on about four skids in this rotating fashion. From the nature of the work, the women performing it were called "count-and-fan girls."

In table-sorting the girls turned the sheets by hand and scanned each sheet for defects. The sorting group worked at a row of eight tables along one wall, arranged in two groups of four and separated by a waste cart which was usually piled so high that it was not easy to see over. From the nature of the work, each girl acted as an individual "inspector" although the final checking for defects was done

by an inspector.[3] Inspection in this department constituted the final stage in the efforts of the mill to make high-grade paper. The girls who worked here were aware that as the last people to handle the paper, they were responsible to the customer for quality. They soon learned what grades of paper had to be sorted with particular care and what minor defects each customer would accept or would not accept in his orders.

Two young men called "pilers" worked with each shift of sorters. Their duties were to keep the girls supplied with paper, to remove completed reams from the table, and to pick up the waste from the floor, pile it in carts, and move it out. At the beginning of the shift the boys supplied each girl with paper to sort. When she had completed a pile several inches high, the boys "took it down" and gave her more paper. One piler explained to Murray that they tried to give a girl "enough paper so it's a comfortable height, so she can sit down." The boys kept track of both the unsorted and sorted piles; it was easier for a girl if the two piles were about level. While waiting to "take a girl down" the boys kidded with her.

Once Joe Murray saw the pilers giving a girl an unusually high pile of paper. They were kidding her while doing it, but when she protested "That's enough," they egged each other on to add several more loads. "What are you trying to do, make me stand up all day?" she asked sharply. Although this was the only girl to whom Murray saw this happen, he was around two or three times when the boys kidded her in this way.

The friendly spirit among the workers was one of the things Murray first noticed about the count-and-fan room; it was reflected in the comments which the girls made to him about their work. "I love to sort," one of the sorters, Mildred Cook, said to him on his first day in the department. "I've been doing it for 17 years, so there isn't much I don't know about it. It's really nice work." She went on, "This big stuff I'm on now is hard to handle, though. I've been on the same job for three days and you sort of lose your courage."

"Because it's so slow?" Murray asked.

"Yes, it's terrible. I can't make over six reams a day," Mrs. Cook replied. "That makes you feel bad; it doesn't seem like a day's work.

[3] Final inspection of the paper in this section was done by an inspector, who checked each ream completed by the workers as it was brought from the count-and-fan room to the boxing room for wrapping and shipping. The inspector also checked work in progress by walking through the count-and-fan room and inspecting the paper as the girls were engaged in counting and fanning and table-sorting.

Of course, the bosses understand that's because the paper's poor, but the record goes up to the office and everything."

Another thing that interested Murray about the girls sorting plain paper was their attitude toward the big room. For instance, Barbie Clark, one of the younger girls sorting plain paper, told Murray how much she enjoyed her work. Finally he asked whether she didn't sometimes get tired of it, but Barbie replied, "I never have in here. I love it. I used to feel that way in the other room, though. I hated to come to work in the morning." A number of girls in the table-sorting group also mentioned to Murray that "in the big room you have to work so fast in order to make your standard and have anything above it."

Another girl, Esther, told Murray that she had started working in the big room. "I never liked it in there but I like this," she said. "I never used to work any extra time, but I do now. It's easier to get to know people in here. In the other room the tables are so far apart that you can't talk to the next girl. You might work next to a girl for a month and still not know her."

"Did you know anyone in this room when you came in here?" Murray asked.

"No, I didn't know anyone," Esther replied. "I know almost everybody now. If there is a lot of waste paper piled up behind our tables, we sit there and have our lunches together; or we might go down to the smoking room. Sometimes if someone gets here a couple of minutes early for her shift, she will sit and talk to you while you finish up. I don't know; everyone just knows everyone else here."

A number of girls in the table-sorting group also mentioned to Murray that "In the big room you have to work so fast in order to make your standard and have anything above it." "Here we don't get a bonus, anyway," one of them said, "so we just work along steadily and do as much as we can. For instance, we are supposed to keep on working until quitting time. Lots of times we're part way through a ream when the shift ends. If we have done 250 sheets, we can put our ticket in it, and the next girl has to finish. For instance, if it were 12 o'clock now, I would mark this ream on my time sheet and Jackie would finish it when she comes in. She wouldn't mind; but in the big room they would mind, because they're working for a bonus in there."

One of the girls sorting plain paper in the count-and-fan room made the remark to Joe Murray, "They are talking about setting standards for this work" she said, "so that we will get a bonus, too. I don't see how they can do it; the standard couldn't be more than one or two reams

an hour, because our paper is so poor. It certainly can't be high like it is on coated papers."

Murray asked the girl how she felt about the possibility. She replied, "A few of the girls might like the extra money. Most of us don't want it because we don't like the feeling of being pushed."

In the payroll office Murray learned that the same time standards were applied to both plain and coated paper. However, virtually no one in the plain paper room was able to "make" enough reams to earn a bonus except on Sheertex, the mill's brand name for a light grade of paper. This fact, Murray thought, accounted for the girls' reiterations that they were "not on bonus."

Calculations of wages and bonus were based on the individual's time sheet. In addition to her base rate, which was the lowest rate for women in the mill, the sorting girl could earn a bonus based on the number of reams of "good" paper over a standard which she sorted out during the shift. The standards had been set by Mr. Perrin's[4] assistant, Mr. Eddy, and had been in effect about eight years. There were two sets of standards: one for paper turned one sheet at a time, and one for two-sheet sorting. Mr. Eddy had based his calculations on the average number of reams of each kind of paper that the girls had produced over a period of months and the average waste figures for that period. This figure he adjusted by a percentage allowance for such factors as relaxation and delay. The resulting figure represented the number of minutes allowed for each ream of 38″ by 50″ paper of any basis weight. The time allowed for different sizes of a given basis weight was figured mathematically from the time for the standard ream.

For bonus purposes, the size of a sheet was considered to be the sum of its length and width. Thus a sheet 38″ by 50″ was listed as an 88″ sheet. One 42″ by 46″ would also be called 88″. Sheet sizes, for bonus purposes, were figured to the nearest 10, so that the list of standards gave the time allowance for an 88″ sheet in the column headed 90″. The longest time was allowed for the lightest papers, but very heavy papers were allowed more than moderately heavy ones. Thus, for 90″ paper some of the time allowances were as follows:

Basis Weight	*Minutes per Ream*
30	25.4
50	18.5
70	15.3
90	14.1
110	14.7
130	16.6
150	19.2

[4]Leverett Perrin was the plant accountant.

Murray believed that two assumptions were implicit in the method of calculation of these standards, namely: (1) that the difficulty of sorting varied more with the size than with the proportions of the sheet, and (2) that the difficulty of sorting varied more with the variations of basis weight than of size of the sheet. The sorting girls told Murray that the long sheets were easier to turn than square ones, and heavy sheets easier than light "because they float better." Light paper was turned two sheets at a time and heavy paper, one sheet at a time.

In practice, the girls who table-sorted plain paper made bonus only on Sheertex. Girls sorting coated paper frequently earned bonuses averaging from four to ten dollars a week. Murray also learned that occasionally, because of the way production had been scheduled, girls in both rooms were given the same kind of paper to sort. On such occasions, girls from the two rooms, including girls from the big room who habitually earned a good bonus on coated paper, produced substantially the same number of reams of plain paper.

In the big room about 80 girls worked on each shift. The work of sorting was somewhat different from that in the plain paper room. Since the coated papers were not fanned, table-sorting constituted the first inspection. In contrast to the plain paper room, where paper was sorted into "good" and "waste," girls in the big room sorted it three ways: "good," "seconds,"[5] and "waste" paper. The girls had a pile of paper to be sorted on the center of their tables. They turned good paper onto a pile at their left, seconds onto a pile at their right, and dropped the waste into a basket on the floor. This was a first sorting and the pile of seconds took by far the largest proportion of the paper which was not "good." Since the plain paper that was table-sorted had already been fanned and set off as defective, the waste for each girl was much higher in the count-and-fan room than in the big room.

Murray noticed that the girls in the big room rarely talked to each other except during lunch hour. The physical arrangement partly accounted for this. Since each girl worked with three piles of paper, the girls stood almost three yards apart. In addition, tables in this room moved up and down mechanically so that a girl could control the level of her pile by pulling a small chain on the edge of her table. Consequently, she did not have time to talk while waiting for a piler to "take her down," as did the sorters in the plain paper room, except when

[5] "Seconds" was paper in which the defects appeared only along the edges and could be trimmed off. If the paper could easily be cut to another standard size, it might be trimmed and put into stock at the mill, as inventory against subsequent orders. The alternative was to sell it to "jobbers" at a reduced price.

she changed orders. Tables were arranged with an aisle between every two rows.[6] Although it was possible to talk to the girl just in front or behind one's row by stopping and turning around not many girls did so. Murray mentioned this observation to Mr. Allen, the superintendent of the big room, who replied, "We tell the girls they can't work and talk at the same time. If they must talk, they should stop work and go over and say what they have to say. It's not much of a problem, though. If a girl is making bonus, she doesn't want to interrupt her run to talk or have someone talk to her. The bonus is the disciplinary agent."

Murray found in observing the girls at work that many would glance up but not break their rhythm when he stopped by their tables. Others, however, stopped to show him defects in the paper and tell him about their work. When he urged them not to interrupt their work on his account, the following reply was characteristic, "Oh, I'm not making bonus today; the paper is running too bad. I'd just as soon talk to you."

Susan, who had been a sorter for five years, told Murray that if she had sorted half a ream when the shift ended, she could put her ticket in it and claim credit for it on her time sheet. The girl on the next shift, who finished the ream, could also claim credit if she did about half the ream. "If you don't trust the girl who started the ream," Susan said, "you put in a blank ticket instead of one with your number on it. Then, if the inspector finds something wrong with the ream, you don't get blamed for it. You did your part and they know it isn't your fault. I almost always put in a blank ticket."[7]

Murray asked a question about the girl who started the ream, but Susan could not answer it. "You don't usually know the girls who work at your table on the other shifts," she explained. "They are usually just coming in while you are going out. I haven't any idea who works at this table before or after me."

Susan pointed out that the girls stayed at their tables until the whistle blew for the end of the shift, while the shift just coming on lined up at the entrance to the big room, but did not come in before the whistle blew.

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[6]See Exhibit 1.

[7]Murray later asked Mr. Allen about this practice. He said that the girls were not supposed to use blank tickets; the practice of doing so had grown up among the girls without official sanction.

Mr. Goodwin, superintendent of the finishing department, told Murray the girls liked to work in the big room. He said that when he needed a new secretary recently, he tried to get one of the girls in the big room who had been a secretary for many years before coming to the mill. She refused, saying, "I have never had such a pleasant job—good pay, good hours, no responsibility, and when the shift is over, I can forget all about work. I think I will stay right here."

During his visits to the finishing department Joe Murray learned by way of the grapevine that one of the count-and-fan girls was having difficulty with the girl who inspected her work, Jane Riggs. The count-and-fan girl's name was Alice Peters, and she was by far the fastest worker in her section. Gradually, from Alice, from the supervisors, and from the other workers, Murray pieced together her story.

Alice was 50 years old and came from "down east" Maine. Since her marriage to a local man 34 years earlier, she had worked steadily in the finishing department and had developed outstanding skill in several of the jobs done there. At the time of Joe Murray's visits Alice was earning the highest take-home pay of any girl in the count-and-fan room. The girls were paid a bonus in addition to their base rate. A standard number of reams per hour had been established for each grade and size of paper, and the girls received a bonus based on the number of reams in excess of the standard counted. While the base rate was the same for all count-and-fan girls, Alice consistently made a much higher bonus than anyone else in the room. On paper for which the standard was 96 reams for a six-hour shift, for example, Alice often "made" 200 reams. Murray wondered whether her output produced any feeling that Alice was a "rate buster," but Crawford told him there was no such feeling. "She is so much better than any of the other girls that it would be silly for us to try to bring the others up to her standard," he said. "The other girls know that because we feel this way nothing Alice does will affect them, so they accept her."

Crawford's observation seemed to be borne out by the behavior of the other girls, who appeared to be friendly with Alice and occasionally to ask her for help. While she gave assistance freely, it was clear that her real friends were among the "old girls," a group of about 10 women who had been in the department and had worked together for about 25 years. They spent their lunch periods together and always stopped by one another's posts on their way to work. "We just feel closer and more intimate," Alice explained to Murray in one of their conversations.

"Of course, we know the other girls and talk to them too, but it's not quite the same. They aren't really one of us."

New girls were frequently assigned to Alice for training. Although it slowed up her production, she enjoyed this aspect of the work. She told Murray she could usually tell within a day or two whether a girl had sufficient aptitude for the work. She said that new girls were usually very nervous, but she reassured them by saying frequently, "Now, it's all right. No one knows anything about it when they start and we all have to learn from the beginning." When she took the girls around during lunch period to introduce them to the others, the girls usually asked the newcomer how it was going and then commented, "We know; we went through the same thing." This helped her to overcome her nervousness. By the end of a week, when she was ready to take a position of her own, the new girl usually felt pretty much at home in the department. "Everyone is friendly here," Alice said to Murray on several occasions. "When you have this many people working together, there are usually one or two that you don't like so well, that you don't care whether you speak to or not, but that's not true here. Every single person is nice and we all get along."

"There isn't anyone here who isn't generally liked?" Murray asked.

"Not one," Alice replied. "I can't think of a person." She went on to say, "This is a wonderful place to work. The bosses are wonderful, too, and that is more important to me than good pay."

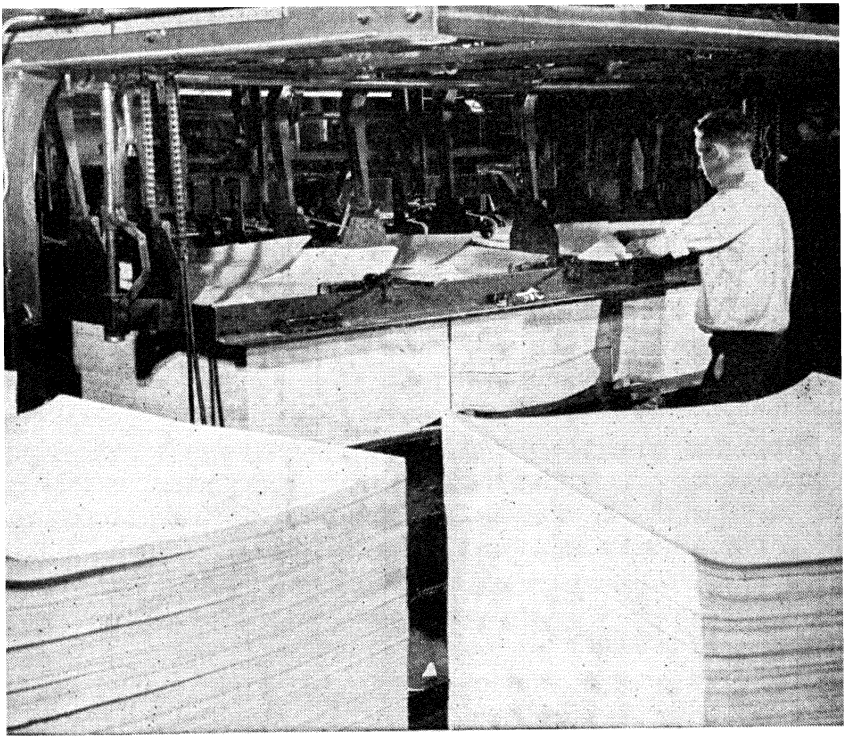
Alice told Murray, for example, about Crawford's handling of customer complaints. She said the customer had to mention the order number when he wrote to the mill about unsatisfactory paper. The customer was also requested to return a sample of the paper and often included a sample showing what he did with it. Bill always brought the paper out, Alice said, and spread the samples on a skid. He showed the girls just what difficulties their errors had caused the customer and, therefore, the company.

Alice said that unless there were some extenuating circumstances, she always admitted her mistake. "Bill is so gentle when he has to reprimand us," she said. "He never really bawls us out. He is so nice about it. I told him once that if he would really be tough with us when we made a mistake, we might do different. Bill just laughed. He said to me, 'Yes, I'd look swell standing in front of you with fire in my eyes, wouldn't I?' "

Murray recalled that Crawford had talked at some length about the problems involved in supervising women. Bill had said that he had to

handle each girl individually; some could not "take a reprimand," while others needed "a tight rein."

The only step in quality control between the count-and-fan girls and the customer was the inspection of completed reams. When the count-and-fan girls completed a skid, the pilers moved it out to the next room for inspection and boxing or wrapping for shipment. Inspec-



Photograph by Victor Keppler, reproduced through the courtesy of the Eastern Corporation.

PAPER MAKING—The front end of a multiple-roll overlapping layboy cutter in the finishing department. NOTE: The "Marshall Company" is *not* the Eastern Corporation

tion there consisted of riffling the corners to check on the work and remove any obvious defects the counters had missed. If a skid had been badly handled or a major defect missed, the inspector was supposed to report it to Bill Crawford or to one of his foremen. Carelessly fanned or counted skids were returned to the girls for rehandling. A count-and-fan girl once remarked to Murray, "A lot of the girls resent the inspector because she sends back their mistakes and they had to do the reams over. I don't feel that way. I'd a lot rather have

her find my mistakes than let a bad ream go out and have the customer write back a complaint. That would be blamed on my work, anyway."

Alice explained to Murray one day that before the war she had been an inspector, but in the early years of the war several occurrences made her change to shift work. For one thing, part of the process was changed so that she felt inspecting was less interesting. After that the supervisor asked her to do floor work as part of the inspection job. "That means going out on the floor and inspecting the work of the girls while it is still in progress," she said. "I told them I couldn't do that. I have worked with these girls for a long time. When I found mistakes, I wouldn't be able to report them. I never tell on anybody if I can help it." Consequently, Alice said, she gave up inspecting.

Following this conversation, Bill Crawford described to Murray the recent events which caused him to be concerned about Alice. During the summer of the preceding year, Crawford said, he again asked Alice to be an inspector in the count-and-fan room. Early in that year, however, her husband had developed an inoperable cancer. The couple had no children and were very close. Alice believed that shift work would give her both more money and more time to take care of her husband. Consequently, she refused the post of inspector.

After her husband's death late in the following winter—a few months prior to the time of this case—Alice became very nervous and was described by Crawford as "still unstrung." He told Murray that she got very little sleep, worked too hard—whether in the mill, at home, or in her garden—was subject to fits of depression, was frequently near tears, and when he spoke to her always answered something like, "Oh, I miss my husband so much."

Mr. Crawford told Murray that after Alice had refused the job of inspector, Mr. Goodwin appointed Jane, a girl from the big room. "You see," Crawford said, "Alice has always considered herself the queen of the count-and-fan room and Jane, rightly or wrongly, has considered herself the queen of the other room in the finishing department. She has been here almost as long as Alice and is one of the best counters. So we have a battle of the prima donnas. Jane hovers like a vulture outside the door of the count-and-fan room. When a ream of Alice's comes out, she pounces on it and goes over every sheet. Of course, Alice resents it fiercely. The two don't speak to one another, and the whole room is aware of the feud. Every once in a while one of the cutters will come in from the next room and say to Alice, 'You should have seen Jane grab that ream of yours. Boy is she giving it a going over!' most of the other people in the count-

and-fan room realize there is something to be said on both sides and it doesn't affect them."

"I must say I see Alice's point sometimes," Bill added. "Jane can be a pain in the neck. She needs to have her ears pinned back." Murray inquired how Bill handled her, and he grinned. "She's getting the absent treatment," he replied. "Jane tells me about something that Alice has let pass and asks why I don't do something about it. I just say 'Thank you for reporting it,' and walk away."

After hearing this story, Murray decided to try to get the two women's versions of it. He began by spending some time with Alice. Alice was friendly and talked freely but almost entirely about the work and the "country" around the mill. Murray noticed, however, that Alice frequently made remarks such as, "We are called the count-and-fan girls, but of course we are all inspectors. We inspect the paper." He noted also that whenever Alice mentioned the possibility of a defect getting by her, she always said it was the customer who would catch it and complain.

Alice told Murray during one conversation that every now and then a mistake did get by her. "There are some days," she said, "when nothing seems to go right. I just feel like bursting into tears over anything. Sometimes I actually do and have to go home. On those days I just can't get started, can't make my fingers move." On such days, she explained, her production was very low, partly because she worked so slowly and partly because she counted many reams twice. When she finished counting a ream, she discovered, in riffling the corners, that there were so many defects that she had to do the whole thing over again. Sometimes she even discovered, after she had been through a ream once, that it should be "set off" for table-sorting. In describing this, Alice seemed to Murray to be close to tears, but presently she recovered her composure and changed the subject.

On another day, Alice told Murray that she took special pains with "orders she was frightened of," to avoid missing any defective sheets. She said she felt that having the customer complain about a mistake was a reflection on her record. The she added that she felt the same way about inspection. Since this was the first time Alice had voluntarily mentioned inspection to him, Murray was interested. "When a girl has been sorting paper for anywhere from 15 to 35 years, it hurts her to have someone say she's not doing it right, especially if the inspector is a girl with less experience than she has," Alice said. "When someone inspects your work, it looks like the company has lost confidence in you. . . . One of the inspectors, now, the girls resent her a lot because she reports even small mistakes."

"She tells you about them?" Murray asked.

"Oh no, no indeed, she doesn't have any right to say a word to us," Alice said sharply. "She's not supposed to speak to us at all. But of course, it's just as bad when she goes running to the bosses with everything. The other inspector is real nice. When she finds an error, she generally has the boys take out the defective sheets or she sends the reams to the sorting table without saying anything about it. Everyone likes her. It all depends on whether you are liked or not," Alice concluded. "It doesn't really have anything to do with the job."

At this point in the conversation the shift changed, and Alice went off. Murray sought out Crawford and asked him to introduce him to the inspector. Jane Riggs was a dark-haired woman who appeared to be in her 50's. After she had put some things into her locker, she sat down to talk with Murray. She told him she had been in the finishing department of the mill for 24 years and had worked with both plain and coated papers. Her first boss was an uncle of Harry Allen. Murray felt from her conversation that her primary loyalty among the present bosses was clearly to Harry Allen.

Jane said that one day when she was working at her sorting table in the coated paper room, Mr. Allen told her that Mr. Goodwin wanted to see her. "All right, I'll go," she said she replied. "My conscience is clear."

Mr. Goodwin asked her to be an inspector. At first she hadn't wanted to accept, but finally agreed. She said that when she started she had worked eight hours a day, from 8:00 to 4:00, whereas the sorting girls worked only six hours. "I thought it was only fair I should have my six hours, too," she said. She explained that a girl on shift work always had at least half the day free if she wanted to go into town.

Jane complained to Mr. Goodwin that she had to work longer hours, was tied to the mill during shopping hours, and got no bonus. Soon after that he appointed another inspector to work alternating shifts with Jane. The inspectors and the count-and-fan girls rotated shifts in such a way that Alice and Jane were together for two weeks and then separated for four. Jane said that in training the younger inspector she had told her, "There are some things you ought to know about this job. The bosses don't like you to talk to the girls when you go through. When you work for yourself, you can work or not as you like, but when you work for the company, it's up to you to keep working and not waste time talking."

Soon after she became an inspector, Jane said, Bill Crawford asked her to do floor work. She replied, "Listen, do you have any idea what a hard job that is? The girls would make it awful hard. I don't know

as I want to do it." He asked her to think it over, and after a week she accepted. "If I had any nerves," Jane told Murray, "they would all be broken by that job. The only thing I can do is walk through that room and do my work and not see nuthin' or hear nuthin' or say nuthin.' The girls resented it something terrible at first. They made life just miserable for me. When I started to inspect one of their reams they would make all sorts of remarks."

"What kind of remarks?" Murray asked.

"Oh, things like, they would say, 'This was a pleasant room until you came in,' " Jane replied. She explained that at first the girls didn't believe she would be impartial. They expected her to report some of them but let her friends get by. She said, however, that she believed in being absolutely fair to everyone, and that, after a while, the girls realized this and learned that she really helped them by finding their errors.

Jane told about a "fight" she had had with one girl who particularly resented inspection. Jane had found her ream 20 sheets short, but when the girl rechecked it, she replied in everyone's hearing, according to Jane, "Tee hee, you're wrong. The ream was only four sheets short." (This would be an allowable deviation.) Jane said she immediately called a boss and told him she wanted that ream counted by someone considered accurate.

"But why, Jane? We trust your count," he had replied.

"Apparently everyone doesn't," Jane answered, "and either I or Betty is going to be proved wrong right here." Accordingly, he had a third girl re-count the ream, and she confirmed Jane's count. Jane said that Betty had been very angry for a few days, but since then had been friendly and occasionally asked Jane for help. Jane repeated that all the girls in the room were very nice and got along very well. "All of them," Jane added, "with one exception."

Murray asked what the trouble there was. Jane continued, "Oh, this one woman thinks she is perfect. Her work hadn't been checked for a long time, and she can't stand having anyone check her. But I inspect her work just like everyone else's. I won't stand for no partiality. It doesn't make any difference to me whether she likes it or not. It's my job and I have to report it."

"I don't like this job, anyway," Jane went on. "I like sorting and I'd like to go back to it. Every little while I ask one of the bosses to put me back on sorting, but it doesn't do any good. They say to me, 'But Jane, don't you know how much this helps the company? You're doing fine. We couldn't get along without you here. This is very important work, Jane.' "

Jane reported that she had once heard of a comment by Mr. Graham, the production manager, that the paper was now in much better shape when it went out. She had then asked Mr. Allen, "Mr. Graham nods to me when he comes through, but he never stops and talks. How does he know about my work?" Mr. Allen had replied, "You'd be surprised, Jane; he knows about it."

Soon after this, Murray brought up the "feud" between the two women in one of his conversations with Crawford. "It makes things very difficult for me, too," Crawford said. "I can't really tell Jane not to inspect Alice's work. Although she is 'playing favorites,' she is also doing the job for which she is hired. Either a defect in the paper is there or it isn't. If it is, the counter should have taken it out. Naturally, the fastest counters do miss some. The slower ones are often more accurate, but the fact that the inspector has looked more carefully at one ream than at the others doesn't alter the fact that the mistakes are here. I don't know what I am going to do with Alice. I've got to straighten her out somehow."

"Of course," he went on, "I think one trouble is that Jane wants to go back to sorting. On the other hand, she is really one of our best inspectors, so we need her there. I'm anxious to keep her on, too. . . ."

QUESTIONS

1. What uniformities in attitudes and points of view do you observe among the people in the two rooms? How do you explain the uniformities you have noted?
2. What differences in attitudes and points of view do you observe among the people in the two rooms? How do you explain the differences you have noted?
3. What significance do you attach to the following statements by women in the "count-and-fan room"?
   a) (*By Mildred Cook*) "I love to sort. I've been doing it for 17 years. . . . It's really nice work."
   b) (*By Barbie Clark, when Joe Murray asked her if she did not sometimes get tired of her work*) "I never have in here. I love it."
   c) (*By Esther*) "I like this."
   d) (*Unidentified*) "Here we don't get a bonus, anyway, so we just work along steadily and do as much as we can."
4. In the reading from *Democracy in America,* on p. 387, De Tocqueville asks the question, "What can be expected of a man who has spent twenty years of his life in making heads for pins"? In what way, if any, does this bear upon the above statement by Mildred Cook?

5. What significance do you attach to the following statements by women in the "big room"?
   a) (*Unidentified*) "Oh, I'm not making bonus today; the paper is running too bad. I'd just as soon talk to you."
   b) (*By Susan*) "If you don't trust a girl who started a ream, you put in a blank ticket instead of one with your number on it. . . . I almost always put in a blank ticket."
   c) (*By the girl who turned down an opportunity to work as Mr. Goodwin's secretary*) "I have never had such a pleasant job—good pay, good hours, no responsibility, and when the shift is over, I can forget all about work."
   d) (*Unidentified*) "Mr. Goodwin must have an awful job. He has to take care of all his own troubles and all of ours too."
   e) (*By Jane Riggs, when Mr. Allen told her that Mr. Goodwin wanted to see her*) "All right, I'll go. My conscience is clear."
6. What do you make of the fact that in the "count-and-fan room," the women on incoming shift generally came into the room a few minutes before the shift was due to begin, while the women in the "big room" waited outside the room until the whistle blew?
7. What do you make of the remark of Alice Peters, "When I found mistakes, I wouldn't be able to report them. I never tell on anybody if I can help it"?
8. What significance do you attach to the tense relationship between Alice Peters and Jane Riggs? Do you see anything more in this than, in the words of Bill Crawford, "a battle of the prima donnas"?
9. What do you think of the administrative behavior of Crawford when he says, "Thank you for reporting it," and walks away when Jane tells him something about Alice?
10. What size-up or diagnosis of his administrative problem seems to you to be implicit in Crawford's statement, "I don't know what I am going to do with Alice. I've got to straighten her out somehow"? What do you think of his diagnosis?
11. What, if anything, do you think Crawford should and could do about this situation?
12. So far as you can judge from the data available, how do you appraise Frank Goodwin, Harry Allen, and Bill Crawford as administrators?
13. To what extent, if at all, do you agree with Bill Crawford's thought, "I don't see anything wrong with the kind of paternalism we practice around here?"
14. If the situation and facts given in this case should come to Mr. Goodwin's attention, what action, if any, do you think he should take? John Graham, the production manager? The personnel manager? Austin Brewster, the vice-president in charge of production? Robert Mower, the president? What would be the *objective* of such action?

From *ENTERPRISE IN A FREE SOCIETY**

by

CLARE E. GRIFFIN

THE CENTRAL PROBLEM OF A FREE SOCIETY

If we adhere to that concept of a good society which is basic to Western civilization, that it is one that best advances the interests of its members; and if we remember that the members of that society want very different things and in different proportions, it follows that the good society will have only certain minimum and general objectives of its own. Its chief objective will be to create a situation in which the individuals will be able to select and to pursue *their own* objectives. This seems inescapable. But then we come back to the fact that the possibility of attaining the ends of material goods, more refined and varied services, and leisure depends upon the actions of others and upon the effective integration of those activities. Taking these facts and aspirations into account, we can then state our objective as follows: *to facilitate and to encourage the development of the inherent abilities and potentialities of individuals and to improve the interrelations of people so that they may, to an ever growing degree, realize the ends that to them individually seem important.* To the extent that we make progress on this road, men will become free, not merely in the minimum and important sense of being free from the arbitrary rule of man over man, but in the positive sense of realizing their own potentialities and attaining the life that they seek for themselves.

* Chicago: Richard D. Irwin, Inc., 1949, pp. 7–8. Quoted by permission of the publisher.

PROVIDENCE CITY BANK*

For a number of years prior to April, 1953, Mr. Andover,[1] vice-president and manager of the loans and mortgages department of the Providence City Bank, had been somewhat dissatisfied with the job performance of Mr. Freemantle, the manager of the statistics and records division of Mr. Andover's department. Mr. Freemantle was an "old-timer" of the department who had been employed by the bank for 38 years, having started work with the company as office boy when he was 18 years of age.

Mr. Andover had had an outstanding career with the bank. A college graduate with postgraduate training in business administration, Mr. Andover had been selected for special training and special assignments in different departments of the bank prior to his appointment, after 15 years' service, to his current position. Mr. Andover had the reputation among his associates for being a very capable man, with outstanding ability for planning and for solving technical problems, as well as for his skill in organizing people to get things done.

Mr. Andover knew that Mr. Freemantle had been passed over several times by previous managers of the department when they had been considering the selection of divisional managers for promotion to positions on the staff of the department. Mr. Andover said to the case writer that this was some indication of Mr. Freemantle's performance on the job because the usual policy of the management of the bank was to count seniority and long service as an important element in the selection of men for promotion. Mr. Andover commented on his view of Mr. Freemantle as follows:

"Freemantle knows what I think of him, because I've personally passed him over two or three times when selecting men for promotion, and twice he's come to me complaining about promotions and his salary.

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[1] All names and any other data which would identify the company have been disguised.

In my opinion he's being paid more now than I'd ever pay him if he was working for me personally. I inherited him as a manager of the division. I would never have promoted him to that job myself, but he was manager there when I was appointed manager of this department. He's a bit of a bush lawyer, too. He thinks he knows everything. If he gets an opinion from our legal department, he often says that the counsel is wrong and decides to go another way. I believe he thinks it's quite a mistake that I happen to be the manager of this department. He also thinks that Mr. Ford should not be vice-president and that he himself really should have the job. But he is not a good manager. He works hard, but he keeps everything to himself and doesn't know how to hand work out. If a letter comes to his desk, whether it has anything to do with him or not, he will answer it. He doesn't seem to have any discrimination or any sense in the way he does things.

"I just don't seem to be able to get him to understand at all. I'm not the only one that he resents. As a matter of fact, his attitude is that he's a better man than any of the other people who are superior to him. He is such an egotist that he thinks he can do my job better than I can. I like a man to be aggressive, providing he has something to back his aggressiveness up, but when he is just aggressive and stupid I don't like it.

"Here's an example of some of his work: I happen to have on my desk a report that he hands in every year.[2] I've told him two or three times that I didn't want all this figure work done on these reports. I happen to have this report here at the moment because someone asked me a question about our statistics and I dug out the report just to get a couple of figures from it. If the questions had related to one of the other divisions I probably would have telephoned the manager and said I wanted a couple of figures. As this question concerned Freemantle's area, I thought I'd get out this report because it was there. Take a look at this Table. He's got here figures of mortgages for 21 years through to 1952. What does he think I'm interested in the figures of the last 21 years for? If he thinks I'm interested in how many files or mortgages his division handled in 1932, he's got another think coming. I wouldn't be bothered reading this report. I told him that, too, and I think that this report is a bit of an

[2]See Exhibit 1.

improvement on the one he gave me last year because, if I remember rightly, last year's report was even thicker than this one. I can't be bothered reading through all these statistics of what has happened in the last 21 years. I'm normally only interested in the last year and what's more, I know that some of the figures he's got here are wrong. He hasn't even classified things correctly. It sometimes bothers me because it must cost quite a bit to collect all these figures, and I'm interested in who does all the work that is involved, because it just seems to me to be a waste of time. This report is no use to me because it isn't what I want. You would think that when you tell a man three times that you don't want this rubbish he wouldn't send it to you, but he just doesn't take any notice. I tell him I don't want the report, and it comes in to me just the same. He just doesn't take any notice of what anyone tells him.

"You know, I just can't quite understand Freemantle. I'm the youngest executive in this department, and I have come in over the top of all of them, and I think I can say I've handled myself pretty well. It's been a little difficult at times, but I've handled myself so that I don't think there's any antagonism from any of the others except this fellow, Freemantle, and he has really been a thorn in my side. For example, we have a setup here with two assistant managers of the department. All personnel matters go to Geddes and questions of methods or procedures go to Day, but it took me a long time to get into Freemantle's thick head the fact that he was not to come directly to me on such matters. I found that for quite a while he would telephone me any time he wanted to, and I spent at least a year explaining that I didn't want him to.

"I'll give you another example. We have a system of merit rating for clerks which we use for salary administration. This year we tried to keep the over-all percentage increase of salaries in the department to 6 per cent of the payroll. We decided that a reasonable rating spread for clerks would be 5 per cent in the excellent class, 25 per cent in the very good, 45 per cent in the medium to fair, 25 per cent in the fairly good, and 5 per cent poor. Theoretically, if we gave a 12 per cent increase to the excellent workers, 9 per cent to the good workers, and 6 per cent to the people who break even, leaving 3 per cent for the fair and nothing for poor workers, this would work out at 6 per cent across the board. Of course, in practice

we push it together a bit, and we don't normally give the excellent ones quite 12 per cent or give the poor ones nothing. Anyhow, this system was set up for considering increases of clerks.

"At the same time of year we review the salaries of managers, and this year I decided to give Freemantle a 6 per cent increase. I've always had to battle to give him any increase of any kind in the past, because nobody else on the salary committee seems to want to support me in giving him any increase. Anyhow, I decided to give him the 6 per cent, and he rang me on the phone and said, 'How did you rate me?' I said, 'What do you mean, rate you?' 'Well, you've given me a 6 per cent increase. Now, if I'm excellent, I should get a 12 per cent increase and I think I'm an excellent worker.' The funny part was that this rating schedule was for rating of clerks not for managers, and what annoyed me was that he should have adopted this attitude and phoned me about it. I said, 'I have not considered rating you at all; I have decided that a 6 per cent increase would be appropriate for you.' He said, 'Well, I'm not satisfied, I think I'm excellent, and I want to go and see Mr. Ford.'[3] At this stage I was mad. I told Freemantle that if he didn't want the 6 per cent I would not give him any increase. You know, I don't often do a thing like that because I think it's pretty wrong to bully people and to take advantage of your position, and I don't like to speak to people like that, but I was a bit fed up. I knew that if he'd go and see Mr. Ford, Mr. Ford wouldn't give him anything, because he was inclined to disagree with my suggestion of 6 per cent. As it was, I was treating Freemantle very well, and that's what made me mad."

The case writer was interested in Mr. Andover's remarks regarding Mr. Freemantle. A number of other people had commented on Mr. Freemantle at different times during the period the case writer was engaged in studying the company. For example, Mr. Day, the assistant manager of the department in charge of methods and procedures throughout the department, commented as follows:

"There is only one divisional manager we have about whom I'm at all concerned. That is, Freemantle. I think we've got certain responsibilities to Freemantle but I don't think we want to give him any more responsibility. I remember there was an occasion when we

[3]Mr. Ford was executive vice-president.

could have eliminated Freemantle's job by incorporating the work that's done in his division with work in other divisions. I remember that Mr. Ford said that we had a responsibility to the man because he had been a divisional manager for a number of years at that time, and we didn't quite know what to do with him if we didn't leave him in charge of the statistics and records division. If we put him on the staff, that would have meant a promotion and no one wanted to promote him, and if we eliminated his division, as was proposed at that time, we wouldn't know what job to give him. As Mr. Ford said, 'The company has the responsibility to people who have served the company over a period of years.' So we decided to leave his job as it was. It meant rearranging our other plans, because in some ways we felt that maintaining Freemantle's division would make for less efficient organization than incorporation of the work of that division with other divisions."

In April, 1953, Mr. Andover had occasion to be particularly displeased with Mr. Freemantle on another matter. One day Mr. Andover heard that Mr. Freemantle had sent some statistics outside the loans and mortgages department. The first thing Mr. Andover heard of the statistics was a question which arose regarding the validity of the figures. Mr. Andover checked and found that the figures were incorrect, so he telephoned Mr. Freemantle and said:

ANDOVER: What did you send out these figures on mortgages for? Those figures are wrong, and I don't want you sending out figures outside this department without my approval. I wouldn't mind so much if the figures were correct, but these figures are wrong.

FREEMANTLE: They're not wrong, they're right. I checked them with the accounting department, and they say that they're right.

ANDOVER: They're wrong and I'll prove it to you. You come up to my office and I'll show you.

When Mr. Freemantle came to Mr. Andover's office, Mr. Andover showed him where the figures were incorrect and told Mr. Freemantle to take them away to correct them and bring them back to him. Mr. Freemantle took the figures away. He soon came back, looking very annoyed. With tears welling in his eyes, Mr. Freemantle threw the file of figures on Mr. Andover's desk and said:

FREEMANTLE: I don't know why I should have to put up with

this sort of thing from a whippersnapper like you. After all the years that I've worked for this company and the $5,000 they owe me for overtime work that I've never claimed for, here I have to put up with this sort of thing from a whippersnapper like you. I ought to punch you in the nose.

EXHIBIT 1

PROVIDENCE CITY BANK

MR. JAMES L. ANDOVER, VICE-PRESIDENT

Attached is a statement covering operations* of the Statistics and Records Division as of December 31, 1952.

Volumewise, the 1952 transactions did not vary much from those of the previous year. Many minor decreases occurred in different phases of records in 1952 as may be noted from pages one and three; but most of the trends in the last quarter of 1952 were heading upward. One of the items which, sooner or later, will have a noticeable effect on the other phases of records work is the increasing number of forms received and processed. Against 3,897 forms received in 1951, 4,957 were received in 1952, an increase of 27.2 per cent.

During the past 21 years 43,180 records of consumer credit applications and 2,356 agreements covering all other types of loans (45,536 in all) have been carried out in full.

Twelve clerks resigned in 1952 from our Filing Section and only three have been replaced. This situation has necessitated a rearrangement of our files. Prior to September, 1952, there were 20 such file cabinets in use, maintained by 10 file clerks—two apiece. Now, mainly because of the drop in personnel, seven clerks maintain 21 cabinets or three apiece.

This reduction in file clerks has hampered somewhat the smooth, speedy flood of prior-to-issue applications which are checked daily against our rejection file, now made up of 23 cabinets. At the end of 1951 there were 21 clerks trained on that file. Gradually, that number dwindled to 10, but there has been little delay in rushing through the work. In time, we hope to build up the unit again so that the applications received every week may be checked against this file with the greatest possible dispatch.

By
L. FREEMANTLE
STATISTICS AND RECORDS DIVISION

February 27, 1953

*EDITORS' NOTE: The statement of operations consisted of 10 pages of detailed figures which supported the aggregate figures given in this memorandum.

QUESTIONS

1. How do you explain the tears in Mr. Freemantle's eyes at the end of the case?
2. If you were in Andover's position what would you say in reply to Mr. Freemantle's remarks at the end of the case?
3. What underlying problems do you see in this case?
4. What alternative courses of action, as you see the case are open to Mr. Andover? Which one should he try to carry out? Why?

From *A CHRISTMAS CAROL*

by

CHARLES DICKENS

"Business!" cried the Ghost, wringing his hands again. "Mankind was my business. The common welfare was my business; charity, mercy, forebearance, and benevolence, were, all, my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business!"

HINTON'S TOOL & DIE COMPANY*

Hinton's Tool & Die Company[1] employed about 500 people, most of whom lived in the small New England community in which Hinton's and one other manufacturer of approximately equal size were the principal employers.

The business had been started on a shoestring by Major Tom Hinton and carried on by his son "young Tom" until his death. "Young Tom" was regarded as a forceful man by all who knew him. Decisive and energetic, he had shouldered a very large portion of the management burden. He had always personally hired the switchboard operators and most of the other office personnel with whom he had daily contact. His nephew, Andrew Hinton, formerly vice-president in charge of engineering, had assumed the presidency on "young Tom's" death and had been acting in that capacity for about a year.

Two other members of the Hinton family also occupied managerial positions in the company. Robert, "young Tom's" son, was in charge of industrial engineering including such activities as methods and time study, and Neil, Andrew's older brother, was treasurer.

Harold Blake, the controller, Bill Norris, the plant superintendent, and Jim Donnely, the purchasing agent, were not connected with the family but had been with the company since the beginning in the early thirties. Exhibit 1 shows the names of the various people involved.

The general offices of Hinton's Tool & Die Company occupied about half of the second floor of a five-story building. The president's office and the engineering and design department occupied part of the third floor. The rest of the building was devoted to manufacturing activities. The switchboard was in the second-floor lobby opposite the door which opened onto the staircase leading down to the street and

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[1]All names have been disguised. EDITORIAL NOTE: This case resulted from several visits made to the company by a case writer who was seeking material in the area of accounting control. During each visit the case writer found that the company executives repeatedly turned the conversation to this situation. The case writer finally decided to obtain additional details about the situation, and this case is a result.

up to the other floors. The switchboard operator also acted as receptionist. Exhibit 2 shows roughly the plan of the second floor.

Most of the offices on the second floor were separated by partitions which were wood to a height of about 3½ feet and glass above that. From Blake's office it was possible to see into every office on the floor except two. The nurse's office had solid partitions since it served also as a first-aid post. Due to the presence of one solid wall directly behind it, the switchboard also was not visible from Blake's office. The glass part of the partition between Blake's outer office and the general accounting office had been removed so that he could call to members of his staff to bring him whatever reports or statements he might need. While gathering material for an accounting case, a research man from the Harvard Business School observed Blake call out in this way six times or more in the course of one day. The summonses were invariably obeyed quickly and with apparent good humor. The persons called were on several occasions asked to compile lengthy production tables for the case writer's use. These jobs were all performed accurately and speedily. Members of the office staff also went out of their way to offer suggestions they considered might help the case writer who was, therefore, quite unprepared to learn from Blake and Norris at lunch of the "battle" which was raging over the switchboard.

Shortly before "young Tom's" death, Margaret Congdon, secretary to Andrew Hinton, had been granted 4 months' leave of absence to have a baby. Harold Blake, the controller, suggested Sandra "Sandy" McDougall as a substitute. When Sandy was transferred from her production job, she was told by both Andrew Hinton and by Blake that the job was temporary but that an effort would be made to find a place for her in the office after the 4 months were over.

Margaret's baby miscarried, and she was back at work in two months. She resumed her old job as secretary to Andrew Hinton, now president. Sandy was transferred back to production.

Martha Treadway, the regular switchboard girl, had been chronically ill for some years. During her fairly frequent absences another girl used to fill in for her on the switchboard. When this girl left the company unexpectedly, leaving no one trained to serve during Martha's absences, there was much confusion. Andrew Hinton then ordered Blake to see that the company was never again caught in the position

of having no qualified person on hand to operate the board. Blake then put Jane Harris and Frances Shepperd on the board as trainees under Martha. These two girls had worked in the accounting office for some time. About two months later Martha became too ill to work at all and died shortly thereafter. Blake put Jane and Frances on the board together, one in the morning and one in the afternoon. When they were not working on the switchboard, they worked in the accounting department.

Several months after Jane and Frances began sharing the switchboard, the president told Blake that things were not going well enough on the switchboard. "I am not entirely satisfied with Frances," he said. "But we don't want to get in a mess with just one operator again. Find someone to replace her."

Blake remembered the promise to Sandy that a place would be found for her in the office so he put her on the switchboard and told Jane to train her. Blake had always considered Frances an agreeable and competent member of his accounting force, so he transferred her back there on a full-time basis. After some days had elapsed Blake noticed that Jane was on the board all the time. He asked her to explain.

"The girl [Sandy] can't learn."

"Why not?"

"There is only one headset."

When Blake asked Frances about this, she pointed out that when she and Jane were learning Martha explained how things worked, gave them the headset, and stayed nearby to help when needed. She concluded, "Two headsets would make learning easier but you can do it with one." Blake was convinced that this explanation was a reasonable one. He began to suspect that Jane did not wish to co-operate. He called her into his office and told her she must co-operate. "It's my job and I am going to have it," she retorted hotly. "Martha had it herself so why shouldn't I?" Blake pointed out that in the future there would always be two operators sharing the job equally and she had better accept that and be more co-operative.

Blake's interview with Jane did not appear to solve the problem. Observing carefully the movements of the office force, Blake began to suspect that Jane and two of her friends, the company nurse, Agnes Graham, and Margaret, the president's secretary, were needling Sandy.

He believed that they gave her wrong numbers, initiated false calls, and gossiped about her inefficiency as an operator. Early one morning when the president was vacationing on his yacht, Margaret called him on his ship-to-shore phone. Such a call had to go through the switchboard which was supposed to open at 8:00. When she found the switchboard closed Margaret dialed Blake. He was not yet in. She then dialed Mabel Hamilton, the senior girl in the accounting section, and said, "What's the matter? Isn't the switchboard going to open today?" Mabel looked at her watch and in reporting the incident to Blake mentioned that she had received the complaint at one minute after eight.

Robert Hinton, the industrial engineer, reported another incident. The company nurse, Agnes Graham, received a call from a doctor about an employee who was ill. She decided Robert should handle the problem and asked Sandy to transfer the call to him. He was not at his desk. Sandy asked if there was any message. The doctor replied that he would call again. When Robert returned later in the day the nurse asked him if he had spoken to Dr. Johnston.

"No," said Robert.

"Well, I told Sandy to make sure you got the call, it was very important. I wish I had blue eyes."

After this incident Blake put the girls on the board alternate days.

Another time when the company's sales representative from Detroit visited the plant he asked Jane who the new girl on the switchboard was. Blake overheard Jane reply—"Oh, that's the Duchess."

Sandy seemed to feel this pressure keenly and had been found in tears several times. She appealed to Norris and Blake for help. She offered her resignation to Norris, Blake, and the president, all of whom urged her to stay on, saying, "The executives of this company decide who is going to have what job, not the employees!" or words to that effect.

Norris, the superintendent, was keenly interested in Sandy's case for several reasons. She had come to him for help. He was the oldest member of the management team, the senior "nonfamily" executive and was considered a sort of unofficial second-in-command of the company. His prestige among the employees was very high. Robert Hinton once said of him, "Bill Norris is so fair and has been with the company so long that nobody would think of questioning his authority." Norris

himself thought his authority and that of all management was being undermined by the squabble over the switchboard job. One day at lunch with Blake and the case writer, he expressed the hope that somebody would put all three girls in their places soon.

Blake's distress and anger increased daily. He was right in the middle of the fight because the two girls spent half their time in the accounting section. Besides the president had told him to straighten out the "switchboard mess." He was determined to make his decision to have two alternating operators stand.

Interest in the case was not confined to the protagonists. The office staff followed each move with great interest. Blake, through his open window, heard them refer to the nurse, the president's secretary, and Jane as "the three knives." He would see the office staff huddled together obviously speculating as to the outcome of each "restroom conference."

In the plant one of the girls was heard to remark, "Andy (the president) had better watch out or Margaret will be giving him his notice." Another worker was heard to observe that "Harold (Blake) really has a bull by the tail this time."

Blake, from the day he was hired as a sweeper, had been a protègé of Bill Norris. They were very friendly and discussed company matters every day at lunch. When Norris told him what he had heard in the shop, Blake said, "It's not often I get mad but I'm sure mad about this. It's up to management to decide who works for this company and where they work, and we simply can't have these women making management decisions." "You're right," said Norris. "And if 'young Tom' were still alive he'd soon put an end to this nonsense."

Blake replied, "Yes, if 'young Tom' were still alive this would never have happened. He would have backed me up. When Margaret complained to him about Jane getting a raw deal, he would have said, 'I have put a man in charge of that—go talk to him.' That would have been the end of it. And as for that nurse, just because her sister, Martha, used to be on the switchboard does that give her any right to push Sandy around? It's not a question of efficiency or personal preference either. As far as I am concerned one is as good as the other and before this trouble I liked them both. It's a matter of principle. What burns me is that they think they can decide who is to run this company, who is to work here, and what jobs they will have. I'd

like to fire the three of them. I'll tell you what I am going to do. I'm going to fire Jane to hell off that switchboard and management is going to back me up. I know Neil (the treasurer, brother of the president) will. He got so damn mad yesterday he yanked the drinking fountain right out of the nurse's office. They were in there plotting and planning and he yanked it right out. Told the plumbers to take out the pipe and fill in the hole in the floor, too. Told me he'd like to fire all three of them. Andy will back me up too. I'm going to have him right there when I tell her. I'll tell him it's me or her. He'll back me up."

QUESTIONS

1. What questions of loyalty do you see raised in this case? In like circumstances how would you weigh them and respond to them or deal with them?
2. What is this case *really* all about?
3. What do you make of Blake's statement that "If 'young Tom' were still alive this would never have happened"?
4. As of the time of the case's ending what needs to be done to improve matters and who of the executives concerned is in a position to take remedial action?
5. If Blake asked you for suggestions concerning this problem what specific steps would you advise in the circumstances as set forth in the case?

EXHIBIT 1

HINTON'S TOOL AND DIE COMPANY

PARTIAL ORGANIZATION CHART

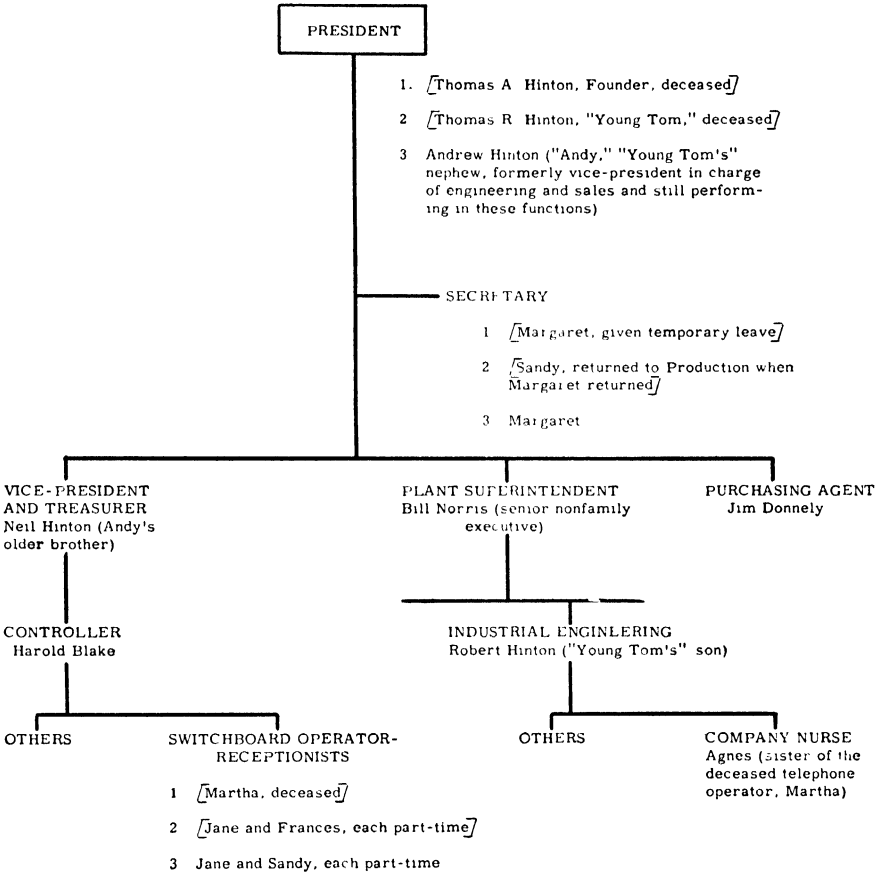
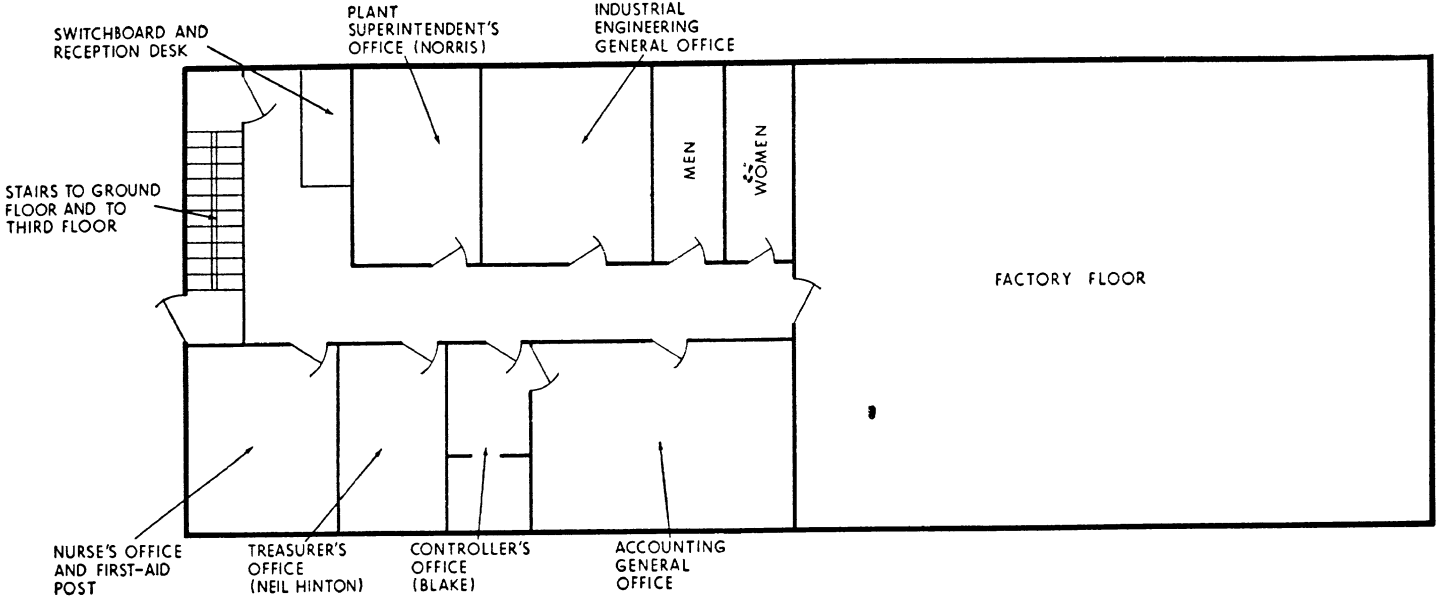


EXHIBIT 2

HINTON'S TOOL AND DIE COMPANY

SECOND-FLOOR PLAN



From *THE PRINCE**

by

NICCOLÒ MACHIAVELLI

OF THE THINGS FOR WHICH MEN, AND ESPECIALLY PRINCES, ARE PRAISED OR BLAMED

It now remains to be seen what are the methods and rules for a prince as regards his subjects and friends. And as I know that many have written of this, I fear that my writing about it may be deemed presumptuous, differing as I do, especially in this matter, from the opinions of others. But my intention being to write something of use to those who understand, it appears to me more proper to go to the real truth of the matter than to its imagination; and many have imagined republics and principalities which have never been seen or known to exist in reality; for how we live is so far removed from how we ought to live, that he who abandons what is done for what ought to be done, will rather learn to bring about his own ruin than his preservation. A man who wishes to make a profession of goodness in everything must necessarily come to grief among so many who are not good. Therefore it is necessary for a prince, who wishes to maintain himself, to learn how not to be good, and to use this knowledge and not use it, according to the necessity of the case.

. . . . . .

OF CRUELTY AND CLEMENCY, AND WHETHER IT IS BETTER TO BE LOVED OR FEARED

Proceeding to the other qualities before named, I say that every prince must desire to be considered merciful and not cruel. He must, however, take care not to misuse this mercifulness. Cesare Borgia was considered cruel, but his cruelty had brought order to the Romagna, united it, and reduced it to peace and fealty. If this is considered well, it will be seen that he was really much more merciful than the Florentine people, who, to avoid the name of cruelty, allowed Pistoia to be destroyed. A prince, therefore, must not mind incurring the charge of

* Reprinted from *The Prince and The Discourses* ("Modern Library" ed.; New York, 1940), pp. 56, 60–63.

cruelty for the purpose of keeping his subjects united and faithful; for, with a very few examples, he will be more merciful than those who, from excess of tenderness, allow disorders to arise, from whence spring bloodshed and rapine; for these as a rule injure the whole community, while the executions carried out by the prince injure only individuals. And of all princes, it is impossible for a new prince to escape the reputation of cruelty, new states being always full of dangers. . . .

Nevertheless, he must be cautious in believing, and acting, and must not be afraid of his own shadow, and must proceed in a temperate manner with prudence and humanity, so that too much confidence does not render him incautious, and too much diffidence does not render him intolerant.

From this arises the question whether it is better to be loved more than feared, or feared more than loved. The reply is, that one ought to be both feared and loved, but as it is difficult for the two to go together, it is much safer to be feared than loved, if one of the two has to be wanting. For it may be said of men in general that they are ungrateful, voluble, dissemblers, anxious to avoid danger, and covetous of gain; as long as you benefit them, they are entirely yours; they offer you their blood, their goods, their life, and their children, as I have before said, when the necessity is remote; but when it approaches, they revolt. And the prince who has relied solely on their words, without making other preparations, is ruined; for the friendship which is gained by purchase and not through grandeur and nobility of spirit is bought but not secured, and at a pinch is not to be expended in your service. And men have less scruple in offending one who makes himself loved than one who makes himself feared; for love is held by a chain of obligation which, men being selfish, is broken whenever it serves their purpose; but fear is maintained by a dread of punishment which never fails.

Still, a prince should make himself feared in such a way that if he does not gain love, he at any rate avoids hatred; for fear and the absence of hatred may well go together, and will be always attained by one who abstains from interfering with the property of his citizens and subjects or with their women. And when he is obliged to take the life of any one, let him do so when there is a proper justification and manifest reason for it; but above all he must abstain from taking the property of others, for men forget more easily the death of their father than the loss of their patrimony. Then also pretexts for seizing property are never wanting, and one who begins to live by rapine will always find some rea-

son for taking the goods of others, whereas causes for taking life are rarer and more fleeting.

But when the prince is with his army and has a large number of soldiers under his control, then it is extremely necessary that he should not mind being thought cruel; for without this reputation he could not keep an army united or disposed to any duty. Among the noteworthy actions of Hannibal is numbered this, that although he had an enormous army, composed of men of all nations and fighting in foreign countries, there never arose any dissension either among them or against the prince, either in good fortune or in bad. This could not be due to anything but his inhuman cruelty, which together with his infinite other virtues, made him always venerated and terrible in the sight of his soldiers, and without it his other virtues would not have sufficed to produce that effect. Thoughtless writers admire on the one hand his actions, and on the other blame the principal cause of them.

And that it is true that his other virtues would not have sufficed may be seen from the case of Scipio (famous not only in regard to his own times, but all times of which memory remains), whose armies rebelled against him in Spain, which arose from nothing but his excessive kindness, which allowed more license to the soldiers than was consonant with military discipline. He was reproached with this in the senate by Fabius Maximus, who called him a corrupter of the Roman militia. Locri having been destroyed by one of Scipio's officers was not revenged by him, nor was the insolence of that officer punished, simply by reason of his easy nature; so much so, that some one wishing to excuse him in the senate, said that there were many men who knew rather how not to err, than how to correct the errors of others. This disposition would in time have tarnished the fame and glory of Scipio had he persevered in it under the empire, but living under the rule of the senate this harmful quality was not only concealed but became a glory to him.

I conclude, therefore, with regard to being feared and loved, that men love at their own free will, but fear at the will of the prince, and that a wise prince must rely on what is in his power and not on what is in the power of others, and he must only contrive to avoid incurring hatred, as has been explained.

From *A DREAMER'S JOURNEY, THE AUTOBIOGRAPY OF MORRIS RAPHAEL COHEN**

Never having discovered for myself any royal road up the rocky and dangerous steep of philosophy, I did not conceive it to be part of my function as a teacher to show my students such a road. The only help I could offer them was to convince them that they must climb for themselves or sink in the mire of conventional error. All I could do to make the climbing easier was to relieve them of needless customary baggage. This exposed me to the charge of being merely critical, negative or destructive. I have always been ready to plead guilty to that charge.

It seemed to me that one must clear the ground of useless rubbish before one can begin to build. I once said to a student who reproached me for my destructive criticism, "You have heard the story of how Hercules cleaned the Augean stables. He took all the dirt and manure out and left them clean. You ask me, 'What did he leave in their stead?' I answer, 'Isn't it enough to have cleaned the stables?' "

Knocking logical errors and comfortable illusions out of young people's heads is not a pleasant occupation. It is much pleasanter to preach one's own convictions. But how could I hope, in a few weeks of contact with my students, to build up a coherent world-view that should endure throughout their subsequent lives? . . . It seemed to me a more important service in the cause of liberal civilization to develop a spirit of genuine regard for the weight of evidence and a power to discriminate between responsible and irresponsible sources of information, to inculcate the habit of admitting ignorance when we do not know, and to nourish the critical spirit of inquiry which is inseparable from the love of truth that makes men free. . . .

To me, this did not mean the old-fashioned liberation of the mind from all traditional beliefs, but rather the supplying of students with new points of view that would enrich their outlook and thus help them to attain intellectual independence. This in practice meant attempting to teach future scientists, lawyers, economists, and citizens to think philosophically about the problems of science, law, economics, and citizenship.

*Glencoe, Illinois: The Free Press, 1949 (Text and Trade Edition); and Boston: The Beacon Press, 1949 (Trade Edition), pp. 145–47. Reproduced by permission of the Free Press.

THE STUYVESANT AVENUE BANK*

I had an experience over 30 years ago, when I was just starting out in banking, that I have often thought about.

Shortly after I began to work in the credit department of the Stuyvesant Avenue Bank,[1] the president sent down to the vice-president in charge of the credit department a letter he had just received from one of the directors of the bank. This director was a very wealthy, prominent man and was also an important customer of the bank. At the time he wrote the letter, he was vacationing in Florida.

As I remember, the letter from Mr.—well, let's call him Smith—went something like this:

DEAR JOE:

It appears that my daughter, Mary, has become extremely interested in a young man by the name of William Brown. All I know about the young man is that he graduated within the last couple of years from Yale and is currently employed by The Universal Chemical and Carbon Corporation—I understand in their branch in town.

I was wondering if your people at the bank could get a line on this young man for me.

Sincerely yours,

John Smith

The president of the bank, as I say, sent this letter down to the vice-president in charge of the credit department. He had written on the margin, "See what you can do about this." The manager of the credit department in turn asked three of us to get busy on the matter and see what we could do.

I remember being somewhat puzzled by this assignment. It seemed to me that there were lot of questions involved. One of the obvious questions which occurred to me was "How do I go about this?" and another was "How far do I go?"

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[1]All names have been disguised.

For ordinary business credit inquiries we had some routine kinds of things which we almost always did. Oh, for instance we would look up the Dun & Bradstreet rating of the loan applicant. We would go out and look over the premises of the applicant to see if it was well kept up. What the neighborhood was like. That sort of thing. Sometimes a lot of "shoe leather" was involved, especially if we asked questions in the neighborhood. If we carried the account of the persons or firms, we automatically knew the size of their balance and a good deal about their affairs. If we didn't carry their accounts, we would call up other banks, trying to find the one that had the account, then ask if the bank's experience had been satisfactory. From banks with whom we were friendly, we could get a good deal of information. Also, we would generally check with business firms, especially firms which were suppliers of the applicant's, and customers. And very often we would check with competing firms to get their view as to whether the applicant was a sound company, or a fly-by-night, or whatever. Answering some inquiries built up sizeable phone bills, especially if there were a lot of long distance phoning.

From *A SECRET SPEECH TO THE 20TH CONGRESS OF THE COMMUNIST PARTY**

by

NIKITA S. KRUSHCHEV[1]

* * * * *

After Stalin's death the Central Committee of the party began to implement a policy of explaining concisely and consistently that it is impermissible and foreign to the spirit of Marxism–Leninism to elevate one person, transform him into a superman possessing supernatural characteristics akin to those of a god. Such a man supposedly knows everything, sees everything, thinks for everyone, can do anything, is infallible in his behavior.

Such a belief about a man, and specifically about Stalin, was cultivated among us for many years.

* * *

Stalin acted not through persuasion, explanation, and patient cooperation with people, but by imposing his concepts and demanding absolute submission to his opinion. Whoever opposed this concept or tried to prove his viewpoint and the correctness of his position was doomed to removal from the leading collective and to subsequent moral and physical annihilation. This was especially true during the period following the seventeenth party congress,[2] when many prominent party leaders and rank-and-file party workers, honest and dedicated to the cause of communism, fell victim to Stalin's despotism.

We must affirm that the party had fought a serious fight against the Trotskyites, rightists and bourgeois nationalists, and that it disarmed ideologically all the enemies of Leninism. This ideological fight was carried on successfully as a result of which the party became strengthened and tempered. Here Stalin played a positive role.

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*Moscow, February 24 and 25, 1956; as reported in *The New York Times*, June 5, 1956.

[1]First Secretary of the Soviet Communist Party; Secretary General of the Central Committee of the Communist Party; member, since 1939, of the "Politburo," the top policy agency of the Communist Party.

[2]January–February, 1934.

The party led a great political ideological struggle against those in its own ranks who proposed anti-Leninist theses, who represented a political line hostile to the party and to the cause of socialism. This was a stubborn and a difficult fight but a necessary one, because the political line of both Trotskyite–Zinovievite bloc and the Bukharinites[3] led actually toward the restoration of capitalism and capitulation to the world bourgeoisie.

Let us consider for a moment what would have happened if in 1928–1929 the political line of right deviation had prevailed among us, or orientation toward "cottondress industrialization," or toward the kulak [rich peasant], etc. We would not now have a powerful heavy industry, we would not have the collective farms, we would find ourselves disarmed and weak in a capitalist encirclement.

It was for this reason that the party led an inexorable ideological fight and explained to all party members and to the non-party masses the harm and danger of the anti-Leninist proposals of the Trotskyite opposition and the rightist opportunists. And this great work of explaining the party line bore fruit; both the Trotskyites and the rightist opportunists were politically isolated; the overwhelming party majority supported the Leninist line and the party was able to awaken and organize the working masses to apply the Leninist party line and to build socialism.

* * *

Stalin originated the concept "enemy of the people." This term automatically rendered it unnecessary that the ideological errors of a man or men engaged in a controversy be proven; this term made possible the usage of the most cruel repression, violating all norms of revolutionary legality, against anyone who in any way disagreed with Stalin, against those who were only suspected of hostile intent, against those who had bad reputations.

This concept "enemy of the people" actually eliminated the possibility of any kind of ideological fight or the making of one's views known on this or that issue, even those of a practical character. In the main, and in actuality, the only proof of guilt used, against all norms of current legal science, was the "confession" of the accused himself;

[3] Followers, respectively of Leon Trotsky, exiled by Stalin, murdered in Mexico, 1940; Grigory E. Zinoviev, tried and executed for treason, 1936; Nicolai I. Bukharin, tried and executed for treason, 1938.

and, as subsequent probing proved, "confessions" were acquired through physical pressures against the accused.

This led to glaring violations of revolutionary legality, and to the fact that many entirely innocent persons, who in the past had defended the party line, became victims.

We must assert that, in regard to those persons who in their time had opposed the party line, there were often no sufficiently serious reasons for their physical annihilation. The formula "enemy of the people" was specifically introduced for the purposes of physically annihilating such individuals.

* * *

. . . Vladimir Ilyich [Lenin] demanded uncompromising dealings with the enemies of the revolution and of the working class and when necessary resorted ruthlessly to such methods.

You need only recall V. I. Lenin's fight with the Socialist Revolutionary organizers of the anti-Soviet uprising, with the counter-revolutionary kulaks in 1918 and with others, when Lenin without hesitation used the most extreme methods against the enemies. Lenin used such methods, however, only against actual class enemies and not against those who blunder, who err, and whom it was possible to lead through ideological influence, and even retain in the leadership.

Lenin used severe methods only in the most necessary cases, when the exploiting classes were still in existence and were vigorously opposing the revolution, when the struggle for survival was decidedly assuming the sharpest forms, even including a civil war.

Stalin, on the other hand, used extreme methods and mass repressions at a time when the revolution was already victorious, when the Soviet state was strengthened, when the exploiting classes were already liquidated and Socialist relations were rooted solidly in all phases of national economy, when our party was politically consolidated and had strengthened itself both numerically and ideologically. It is clear that here Stalin showed in a whole series of cases his intolerance, his brutality and his abuse of power. Instead of proving his political correctness and mobilizing the masses, he often chose the path of repression and physical annihilation, not only against actual enemies, but also against individuals who had not committed any crimes against the party and the Soviet Government. . . .

* * *

. . . As soon as we attained a decisive victory, even before the end of the war, immediately after taking Rostov,[4] we gave up the use of the death penalty and thus proved that we intend to execute our own program in the manner that we promised. We say that the application of violence flows out of the decision to smother the exploiters, the big landowners and the capitalists; as soon as this was accomplished we gave up the use of all extraordinary methods. We have proved this in practice.

Stalin deviated from these clear and plain precepts of Lenin. Stalin put the party and N.K.V.D.[5] up to the use of mass terror when the exploiting classes had been liquidated in our country and when there were no serious reasons for the use of extraordinary mass terror.

This terror was actually directed not at the remnants of the defeated exploiting classes but against the honest workers of the party and the Soviet state. . . .

* * *

Possessing unlimited power, he [Stalin] indulged in great willfulness and choked a person morally and physically. A situation was created where one could not express one's own will.

When Stalin said that one or another should be arrested, it was necessary to accept on faith that he was an "enemy of the people."...

* * *

The question arises: Why is it that we see the truth of this affair only now, and why did we not do something earlier, during Stalin's life, in order to prevent the loss of innocent lives? It was because Stalin personally supervised the "Leningrad Affair,"[6] and the majority of the Political Bureau[7] members did not, at that time, know all of the circumstances in these matters, and could not therefore intervene.

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[4]By the Red Army, January, 1920, during the Russian revolutionary civil war.

[5]Narodnyi Komissariat Vnutrennikh Del (People's Comissariat of Internal Affairs), now the "M.V.D.," Ministertvo Vnutrennikh Del, (Ministry of Internal Affairs); the secret police.

[6]An alleged conspiracy within the Leningrad party organization, now alleged to have been "framed" by Stalin, for which numbers of people were executed including Nicolai A. Voznesensky (disappeared in 1949), A. A. Kuznetsov, Mikhail I. Rodionov, and Peter S. Popkov. Recently these men have been "rehabilitated" and "honored" posthumously by the Communist Party.

[7]The "Politburo."

Moreover if thy brother shall trespass against thee, go and tell him his fault between thee and him alone: if he shall hear thee, thou hast gained thy brother.

But if he will not hear thee, then take with thee one or two more, that in the mouth of two or three witnesses every word may be established.

And if he shall neglect to hear them, tell it unto the church: but if he neglect to hear the church, let him be unto thee as an heathen man and a publican.

--MATTHEW 18: 15–17

MR. CHURCHILL REQUESTS A WRITTEN REPORT*

Excerpt from a communication of the Right Honorable Winston Churchill, Prime Minister, to Lieutenant General Sir Hastings Ismay, for the British Chief of Staffs Committee, 23 November 1941:

"Let me have a time-table (on one sheet of paper) of what the Navy will do on each day from the 'Alert'[1] on Day 1 to Day 20, and what forces will be in hand."

* As quoted in Winston S. Churchill, *The Second World War,* Vol. III, *The Grand Alliance* (Boston: Houghton Mifflin Co., 1950), p. 515.

[1] For a German invasion of Britain.

FIELD PUBLISHING COMPANY*

The Field Publishing Company[1] was one of Philadelphia's oldest and best-established printing plants. It had built up a trade reputation for doing the highest grade of printing, and some of the men in the pressroom thought that their shop was the best in the country.

Along with its reputation the Field company had developed strong traditions. For example, the present officers of the company had preserved the office of the founder without change and used it currently as an informal conference room. The founder's swivel chair was still behind his desk. Decades of use had weakened the springs in this chair, and a legend grew up among the members of management that a man must know how to sit in this chair or it would dump him out on the floor.

Most of the employees in the pressroom, folding room, bindery, and other departments of the plant were members of craft unions well established in the printing trades. The officers of the company had never found it necessary to develop a personnel department.

In 1943 the company called in an engineering firm to devise a standard cost system and with it an incentive pay system which would increase productivity. The engineers completed their study rapidly, and the incentive pay system went into effect in the pressroom, the paper handling room, and certain other departments. However, Mr. Robinson, the general manager, pointed out that, because of union objections, the incentive system was not accepted in the bindery.

In each department, incentive pay was based on some "measurable unit" of output such as the number of impressions on the printing presses or the number of skids of paper moved. For each unit of output the men were paid a certain amount over their base pay. The proportion of incentive to base pay—in other words, the incentive pay "rates"—varied among the different departments.

In September, 1945, Mr. Robinson employed a young time study and methods engineer, Hugh Forsyte, to be responsible for all standards, to analyze the incentive rates established in 1943 by the engineering firm, and to propose changes where rates were out of line. Forsyte found

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[1] All names have been disguised.

that the speed with which the rate system had been set up in 1943, together with technological changes occurring during the war period, had led to a large number of inconsistencies in the rate structure. By the spring of 1947 he had not been able to make as many improvements as either he or Mr. Robinson had hoped. Mr. Robinson attributed the delay to "union policies and employee fears." He and some of the other officers began to feel that the failure on their part to take decisive action had "delayed operational economies, prevented accurate cost analyses, and might lead to a loss of respect for management among the employees."

Forsyte became convinced that in order to get results he would have to spend less time on rate analysis and more on actual time study. He also felt that it would be necessary to get more co-operation from the employees and the foremen. To succeed he believed it was extremely important to let everyone know what was going on. He hoped to show the employees the problems of management and show management the employees' problems, but he did not have any specific ideas how to get this kind of result. One of the things he wanted to get across to the employees was that the management was "on the square" and that there were no hidden meanings in what he or anyone else did.

In April, 1947, he decided to pick out a point at which the rates were clearly out of line, conduct a thorough time study, and push the rate change through to a conclusion. He selected the paper storage room, located between the pressroom and the folding room, where four men, using electric trucks and a fork-lift, brought skids of paper in from the unloading platform, stored them, sometimes relocating them in storage, and moved them into the pressroom and from there to the folding room. These four men were supervised by a foreman.

Without making a time or methods study in 1943, the engineers decided to use as a unit of measurement of output, for the purpose of setting incentive pay rates, the number of skid loads of paper transported daily from the unloading platform into storage. The foreman, whose incentive pay was based on the men's, was to report daily to the office the number of skids moved. The foreman was officially a "working" foreman but in fact did no manual labor himself.

Forsyte found that the ratio of incentive to base pay in the paper room was running well above the 8% generally considered fair for operating personnel in the pressroom. He found that the number of skids arriving by motor van at the loading platform varied daily between 15

and 50. He also found that the replacement of hand trucks by electric trucks in 1946, and the reduction of paper handlers from 12 to 4, which had occurred at that time, had radically changed the operations on which the rates were based.

Forsyte told the men their work would have to be studied and asked if they would be satisfied if he and one other engineer made individual studies of all four paper handlers at the same time. Herrick, a pressman, the shop steward representing the men in the paper room, requested a time study man for each paper handler. Forsyte decided to comply with this request. After getting the approval of his superiors, he hired four time study engineers on a temporary basis, naming William Cotter his assistant.

Commenting on Herrick, Forsyte said that he had a record of dealing squarely with management and that he could be counted on to meet management halfway. Mr. Robinson, on another occasion, observed that Herrick behaved as if he possessed a good deal more authority than he in fact did, and that, by "stirring things up," he antagonized not only the management but the men he was supposed to represent.

None of the four paper handlers involved had ever "had a watch on him." Before the study began Cotter spoke to the men briefly, telling them that their rates were going to be adjusted but that he did not know yet whether they would be raised or lowered. The foreman, Jones, also talked to the men, telling them that there was some chance of their rates being changed. According to Jones, the men took this "all right." Jones also said he was glad that management would have a chance to get the facts about the amount of work done in the paper room. He believed the time study would show that the relocation of skids, waiting for elevators, and other unavoidable work took a good deal more time than the "office people" realized.

On the first day of the study the time study engineers found all four hands "working like hell." One trucker, Doyle, who "ordinarily let things pile up in the pressroom and then did everything in a rush," was working very steadily.

Cotter explained, "When people are being studied for the first time, the natural reaction is to work harder. One of the pressmen tried to tip Doyle off to slow down, but the time study man was right behind Doyle and Doyle didn't say a word."

Another time study man explained, "An employee can't help feeling uneasy with a watch on him, no matter how many times he's been

studied. We ask them to work at a normal pace but, of course, a man doesn't know what his own normal pace is. Also, we never try to tell the men who are being studied what to do." The time study men called the employees by their first names, talking and joking with them casually as they worked.

After making observations for one day, April 28, the engineers spent April 29 discussing their figures to see whether the paper handlers worked according to any measurable unit which could be used as a sound standard for granting incentive pay. The time study men had recorded the amount of time each paper handler had spent on every activity he performed during the day, such as making trips to various points with the electric truck, waiting for loads, waiting for elevators, relocating the skids in the storage room, and so forth. In their discussion on April 29, the engineers did not find any effective way to classify their data. Because of the variable nature of the men's work, it appeared unlikely that any recurring unit of output could be discovered. The analysis did show, however, a number of points where it seemed obvious that the men's methods could be improved and delay time cut out.

At a short meeting in the afternoon the engineers went over their findings with Mr. Robinson's assistant, Mr. Craig. They reported to him that the attitude of the employees to the time study was "very nice." Forsyte said that Herrick had been completely co-operative.

Resuming their observations, the time study men spent the rest of the week and part of the next week obtaining new data. On Thursday, May 8, Cotter told Forsyte he was convinced that three paper handlers were plenty for the job. He said that he and the others were "ready to stop building up figures right now and try to determine this issue." After revising the methods so three men could handle the job, Cotter said, they would like to make a second study and then set up new rates. Forsyte agreed with Cotter that it was time to cut off the present study. He wanted to be sure the men were satisfied with the figures already built up, however, and asked Cotter to make a summary showing clearly that one truckman could be left off the crew.

Cotter and Forsyte, knowing that it would be contrary to company policy to discharge the fourth man if it were possible to place him elsewhere, discussed at some length what to recommend to Mr. Robinson. They were not sure what should be done—whether to go by seniority or ask for a volunteer, and where to transfer the man laid off. They decided it would be well to take up this question with Herrick.

Forsyte also decided to ask Herrick if he considered the figures already obtained representative enough so there would be no objection to cutting off the current study. He found Herrick in the plant yard after work, and Herrick said he was satisfied with the proposal. Herrick also asked why management didn't educate the employees so they would understand such things as time study and not be so much afraid of it. In one department of the plant, he said, the employees still referred to the time study men as "hatchet men."

In accordance with Cotter's request, the time study men quit taking observations and began to summarize their data.

At this time in a conversation with a case writer, Herrick made the following comments: The paper room pay was in fact far out of line; everybody in the plant knew it. Nobody understood how the incentive pay rates had been set. The men thought it was "just Santa Claus at work." The highly skilled pressmen thought it was ridiculous that service people were getting paid more than they were. The incentive pay of other service people, including porters working inside the pressroom, was tied directly into the output of the pressroom, and this was the way it should be. The paper room crew knew that Santa Claus was going to stop coming, and they would not be very much upset about it. The case writer believed that Herrick had not expressed these opinions to Forsyte.

The incentive pay system set up in 1943 had done wonders for the pressroom, Herrick said. This had been a group plan. Incentive pay for each man was based on the output of the entire shop. The engineers did not have any ideas on methods, and the men volunteered to change a large number of little things to increase output. Some of the men continued to do things the old way for a while but gradually, as they saw the men around them changing their methods, they jumped into line. Production went from "85% of capacity to 110% and stayed there." Herrick thought that the group incentive had turned out to be a real help to the older men, who were slowing down; the younger men helped them out to save a loss of pay. He thought that it also encouraged men from one machine to help out on another.

After describing some of the other shop customs, Herrick concluded: "This is the finest shop in the country. I've had some trouble here, but if I had to leave I'd leave printing. I couldn't work in any other shop."

After a preliminary summary of their figures, the time study men reported to Forsyte that there was no measurable unit of output on

which to set an incentive pay rate. They were convinced, also, that three men could do the work, and they were currently drawing up new methods which would enable only three men to do the work.

Forsyte took the results of the time study to Mr. Robinson, who told him to decide what kind of rate to set and how to administer it. Working alone, Forsyte devised three possible formulas, none of which was based on any unit of output in the paper room. He was extremely anxious to work out a rate that would be fair to the men. The first of these formulas, which he finally selected, was based on the idea that much of the work in the paper room fluctuated with the number of impressions made on the printing presses. A constant amount would be allowed for "service" activities, that is, necessary activities which could not be expected to fluctuate with the output of the pressroom. This would be about 40% of the pay check. The remaining 60% of each individual's pay would vary according to the number of thousands of impressions made daily on the presses, the number of impressions being multiplied by a factor to get the total amount. The ratio of pay to output was set so that the increment of incentive over base pay would average about 10% of total base pay. Forsyte realized that this method of pay would actually not provide the paper handlers with any incentive for increased output.

At this point, Forsyte was worried about a number of questions. How would the men feel about getting a reduction in pay at the same time the crew was being reduced in number without a reduction in work load? Should he try to explain the formula to the men? Should he at least tell them they would get about the same percentage of incentive pay as the men in the pressroom? He felt sure that Herrick would understand what he was trying to do but was not at all sure how the men would take it. He believed the men in the paper room had almost succeeded in kidding themselves that they worked hard enough to justify their pay. Forsyte decided to set the new rate without further time study. He and Cotter spent May 20, 21, and 22, writing up a 12-page report, the summary page of which is shown as Exhibit 1.

On Friday, May 23, Mr. Craig and Mr. Robinson received the finished report. They spent parts of several days in discussions with Forsyte, the time study men, and members of the supervisory staff. Mr. Craig and Mr. Robinson then made the following decisions: They approved of the recommended changes in method with the exception of five that involved modifications in other departments. They approved

of the recommended changes in the men's and foremen's pay. They decided that it would be desirable to keep the four-man paper handling crew so that there would be no danger of the crew's being unable to handle work loads heavier than the time study group had anticipated.[2] They also decided to utilize the crew better by making it responsible for handling printed stock in the folding room, which was next door to the paper room. In the folding room the large printed sheets from the press

EXHIBIT 1

FIELD PUBLISHING COMPANY

HIGH LIGHTS OF REPORT ON PAPER ROOM

May 23, 1947

1. The breakdown of the time studies indicates that the paper handling department is overmanned and that one man should be eliminated from the group. The dollar saving resulting from this and other recommendations in the report will approximate $5,500 per year.
2. It is recommended that a job be found for the displaced paper handler in another department. This is important for psychological reasons.
3. It is recommended that the working foreman of the paper room receive incentive premium payments on the same basis as the foreman in the pressroom.
4. A change in the present type of wage incentive is recommended. The formula has been set up so as to pay an average incentive premium of 10% above hourly rates. No additional records or controls will be necessary to compute the earned hours on the proposed plan.
5. Twelve recommendations are submitted to further the efficient functioning of the paper handling division.
6. Operational sequence procedures have been drawn up for various work in the department.
7. Individual earned-hour standards have been established in accordance with the method employed during the studies. They may be of valuable assistance later to help determine manpower requirements.

room were folded into book size and form. The work assigned to the paper room crew was moving stock from point to point inside the folding room.

[2]The decision to retain a four-man crew did not affect the amount of pay the men would receive under the new formula, nor did it necessitate any change in the newly recommended methods.

Mr. Craig's first move was to go along with the plant superintendent and explain to the foreman, Jones, what his new duties would be. Jones saw a copy of the report but did not keep it.

Next Mr. Robinson and Mr. Craig called a meeting with Forsyte, the head of the pressroom, the head of the bindery, and Herrick. Forsyte recalled that at the meeting Mr. Robinson explained the reason for the rate changes in the paper room but did not enter into a discussion of the changes in method. Mr. Robinson said that the men could look forward to earning at least a specified amount. Herrick asked a few questions about the new rate formula and methods, and agreed to them. It was agreed that the changes would go into effect on Monday, June 2. Some discussion of possible further studies went on before the meeting ended.

The following morning, May 29, Herrick reported to Forsyte that "the boys were squawking" in the paper room and asked for a written guarantee that the men's pay would go no lower than Mr. Robinson had predicted. Forsyte replied that such a guarantee was impossible to make. Herrick said, "Well, if I can't explain it to them, I'll send them to you."

In the afternoon Jones told Cotter that the paper room boys were sore and that "they'd be god damned if they'd take a cut."

Forsyte was convinced that the new formula, while tough, was fair, and not a "stab in the dark." He considered the new incentive rates a victory for time study because the time study provided a factual basis for setting methods and deciding on a new rate formula.

He felt that if any departments were going to raise objections to time study, he would welcome them now. He was anxious to hear what Herrick had to say but decided to let Herrick raise the subject. The Memorial Day week end intervened, however. Forsyte had also been planning for some time to take a vacation the following week and decided to go ahead with it.

The change in rates occurred on Monday of this week. Cotter decided to wait a few days to visit the paper room, till the men were no longer in such a "fighting mood." On Wednesday, June 4, he went in. Herrick immediately told him, "As far as I am concerned, time study is out for the rest of the shop."

Cotter replied, "What's that? Do you want to let the CIO get more progressive than your own union? Do you want to be progressive, or let the shop run at a loss?" He then went back to his office convinced that the shop steward must be "afraid of the watch."

On the same day Cotter also learned that Jones was opposed to the recommended changes in method and was not following them. Cotter felt that he was not in a position to tell Jones, "This is the real thing. Follow it or else!" He decided to wait for Forsyte before taking any action.

On Friday the case writer found Herrick working in the pressroom and asked for his opinion of the time study. Herrick immediately left his press and started for the paper room, saying, "We don't keep anything back. This isn't a shop where everybody is afraid of everybody else. We get along better by working together than by having things shoved down our throats, anyway!" Seeing Jones at his desk in the paper room, Herrick went over and pulled out of Jones's desk a statement of the approved methods recommendations, saying, "They sent this down to us. They also made out a report 14 pages long. Did you see that, Jones?"

"Yes, they showed me a copy but I had to give it back," Jones replied.

Herrick turned to the paper. "These are the things the boys are supposed to do," he said. "They expected to get knifed on their pay; that was O.K., but here's where they went off." He pointed at one of the additional duties, carrying printed paper to the folding machines in the folding room. "The man that used to do that job still does it from 5:00 to 8:00 P.M., and, of course, he draws overtime. If our boys are going to do that job, they ought to get the overtime work and pay. They should have made a study in there too if they were going to set it up this way. I went to see the department head about it, but it's taking a long time to get anywhere on it. As a matter of fact, it was my idea, their doing some work in the folding room, but if the boys are going to do this job they ought to get the overtime on it. We want to get this thing corrected."

Herrick went on, "The boys felt the time study was all right; they expected to get knifed in pay anyway. But the methods men suggested a lot of changes in methods to reduce work and added a lot of work, too. The boys don't mind the added work, but some of these ideas on methods are impractical. The methods men want these metal straps bent by hand instead of with a hammer. After you'd done that for a while, what would it do to your hands?"

Jones added, "The methods men wanted the hammer left over here on the table. The men were supposed to walk over there and get it if

they had to use it. The methods men admitted that was impractical. The boys are just keeping the hammer with them and saving time.

"As a matter of fact," Jones finished, "the men didn't know what the time study men were down here for. This thing had them all up in the air—they were upset, and they didn't do their work well."

Herrick excused himself, saying he had to get back to the pressroom, and Jones returned to his work.

QUESTIONS

1. What kinds of assumptions and reasoning, do you suppose, led the management to call in an engineer in 1943 to devise a standard cost system and an incentive pay system to "increase productivity"?
2. What, do you think, was Robinson's concept of Forsyte's job? What, do you think, was Forsyte's own concept of his job?
3. What do you think of the way in which Forsyte, Cotter, and the time study men went about the project in connection with the paper storage room?
4. How, in your opinion, did the actions and attitudes of Forsyte, Cotter, and the time study men affect Herrick, Jones, and the men in the paper storage room? Who else, if anyone, do you think was affected? How?
5. What, would you say, is the problem facing Forsyte upon his return to the plant after his vacation?
6. What, do you think, is the company's problem?

From *FREE EXPRESSION IN INDUSTRY**

by

JAMES J. GILLESPIE

THE RISE OF THE ECONOMIC CULTURE

Our culture, prior to the rise of the factory, differed profoundly in many respects from what it is to-day. To quote Professor Tawney's classic book, *Religion and the Rise of Capitalism*:

"When the age of the Reformation begins economics is still a branch of ethics, and ethics of theology; all human activities are treated as falling within a single scheme, whose character is determined by the spiritual destiny of mankind; the legitimacy of economic transactions is tried by reference, less to the movement of the market than to moral standards derived from the traditional teaching of the Christian Church. The Church itself is regarded as a society wielding theoretical and sometimes practical authority in social affairs. . . . From a spiritual being, who, in order to survive, must devote a reasonable attention to economic interests, man seems sometimes to have become an economic animal."[1]

On the other hand, the medieval social system gave the common man little freedom. There was small chance to move from one class to another, and the member of a guild (craft group) was under strict obligation not to divulge trade secrets. The feudal system was in vogue, while the Church assured the individual of his spiritual salvation. In this order of things a man was identical with his social role—he was a peasant, a craftsman, a knight, or a lord; he was not a citizen who worked as a farm hand, or a citizen who worked in an engineering factory. A man was born into a certain position which carried with it a certain economic role, giving tradition-guaranteed security. At this time a man was an individual only in a general sense; anyone not of his group was a stranger and someone from another town was a stranger. The individual knew he was different from others, but he was bound to others by traditional, social and religious ties.

The rise of the moneyed burgher class, the collapse of feudalism. and the attack on the Roman Church as a dominating and mediating

* London: Pilot Press Ltd., 1948, pp. 23–28, 31–32. Quoted by permission of the publisher.

[1] Tawney, *Religion and the Rise of Capitalism* (Penguin ed.).

structure between the Divine and man were signals for the new era. From the desire for direct communion with the Divine and the attack on the Church came the Reformation. Man became free from much tradition and social bondage, and he also became free from the protective bondage of the Roman Church; he became free from bondage but also free from protection and security. To quote Dr. Erich Fromm:

"The medieval social system was destroyed and with it the stability and relative security it offered the individual. Now with the beginning of capitalism all classes of society started to move. There ceased to be a fixed place in the economic order which would be considered a natural, unquestionable one. *The individual was left alone; everything depended on his own effort, not on the security of his traditional status.*"[2]

MAN SOCIAL AND MAN ECONOMIC

The pre-industrial community, as we have seen, had within its structure a quality of human relationship which not only had regard for the economic factor but simultaneously included social and moral factors. Work was an integrated part of the whole life of man.

The new industrial structure was a thing in itself, separate from social meaning, and intensely individualistic; its ethic was the ethic of high reward to the individual in return for individual enterprise and thrift. Whereas in the pre-industrial structure a person was a citizen-worker, in the new he was a citizen away from work and a worker in work.

An understanding of this transfer of control from community to the individualistic and socially separate industrial organisation is of vital importance to our theme.

The point I wish to make, a point fully substantiated in history, is that our present industrial set-up from its inception separated social and cultural values from economic values and thereby fostered a type of "economic" thinking which does not have regard to the whole life of man. A result of the predominantly "economic thinking" of the capitalist was the outlook of the economic socialist, a type of thinking shown in Marxism and like theories and illustrated in Engels' *Socialism and its Evolution from Utopia to Science*: "In future," says Engels, "there must be no more governments over men, over individuals, but only leadership by the branches of economic life and control of production."[3]

Economic capitalism produced economic socialism, and economic socialist propaganda has fostered an attitude in industry which, among

[2] Fromm, *The Fear of Freedom* (Kegan Paul).

[3] Engels, *Socialism from Utopia to Science* (Allen & Unwin).

many worker leaders, at least, has a primary regard to class interests rather than to community interests. The acquisitiveness which began in the capitalist groups bred an opposition—an understandable opposition —which is prevalent to-day.

In industry the general outlook of the people of all grades is acquisitive, is concerned with the protection and advancement of the individual and his particular group. This is the inevitable result of the separation of an industrial from the social and cultural ethic, of the separation of the citizen role and the worker role.

CLASS AND SOCIAL CONSCIOUSNESS

The separation of the social and the economic ethic, and the splitting of the role of the individual into the two non-integrated roles of citizen and worker, has had grievous results. The most grievous is the split in outlook and activity with the consequent division in loyalties in the two antagonistic role situations. As a citizen, the individual tends to develop social consciousness and social loyalty; as a worker, he tends to develop class consciousness and class loyalty. Life as a citizen tends to develop awareness of the needs of the whole social situation; life as a worker tends to develop only a partial awareness of the needs of the whole social situation and particular awareness of the work situation.

It is not suggested that the one cause of class consciousness is the separation of industrial from social ethic and the splitting of man's active roles into a social role and an industrial role. Class consciousness is based on class inequality but, to quote Professor Landtman's monumental work on social inequality:

"The inequality which has caused so much social hatred and animosity, and which is the only inequality seriously meant in scientific debate is that which has its source in social organisation."[4]

A union of workers is not necessarily a class group; it is when the union, or part of it, is concerned with ultimate labour aims and ideals rather than with immediate social and economic need that we have what we may roughly call a class group with class consciousness. The labour group is denied the opportunity and power of the capitalist groups, and inadequacy of income and fear of unemployment further accentuate class oppositions; in industry, the worker cannot exercise his powers of creativeness, self assertion and control, and these baulked impulses find expression, often enough, in fervid class militancy. . . .

[4] Landtman, *The Inequality of the Social Classes* (Kegan Paul).

The appeal of the apostle of class war is, usually, to the workers in industry. The great value of labour is stressed and the person who labours is, he is told, the person who shall rule. If the person who labours was not ruled as much and was allowed as far as is reasonable to participate in management and so have channels for baulked impulses then, of course, the ideological appeal to the "downtrodden worker" would be less effective.

The commoner is, as a citizen, less likely to respond to revolutionary ideology, but as worker he is more likely to respond; as citizen he will show social consciousness, as worker he will show class consciousness. The person as citizen will perhaps vote for democratic method at election time, but in working time may have for leader a left wing revolutionary. This peculiar split in loyalties deserves closer study than it has received. At last election time I was close to a group which had a militant Communist as shop steward but, I found, most of the men had voted labour. I twitted the group about its extreme left wing sentiment as expressed in choice of shop steward and received the reply that it was all right voting at election time but at work it was different. I asked the group members would they have voted Communist at the election if they had had the opportunity and received only one affirmative answer.

THE PSYCHOLOGICAL MATRIX

It is of more than passing interest to the social psychologist that whereas the application of the headman principle and its imposed discipline is generally accepted in industry, the same principle if applied in social life would be bitterly fought and rightly labelled a fascist or, if that was our bent, a communist dictatorship.

We have briefly seen how the new economic system developed its own special competitive acquisitive incentive and, in so doing, appealed only to particular possibilities in man's nature, and those not the best. At the same time as the feudal system goal of personal salvation gave way to the goal of personal success, so did the hereditary power of the feudal lords pass to the new bourgeoisie whose position was only tentative; "unlike a hereditary nobility," to quote Kardiner, "they had to continue struggling in order to maintain their position. With anxiety to maintain status at the upper end of the bourgeoisie and pressure from the lower statuses to achieve some of the values of the former, we have the psychological matrix for evaluating the dominant motivations and anxieties of Western man."[5]

[5] Kardiner, *Psychological Frontiers of Society* (Columbia University Press).

The desire for status, for success and the things which mean success, replaced feudal desire for personal salvation. The new goal of life needed a different social structure and this was achieved in democracy, democracy for the few. It was only after painful struggle that the common people won such democracy as we have to-day in leisure life but, in working life, the status of the bourgeoisie remained as high as it was at the beginning of the factory age, so far as control of people is concerned.

The struggle for status, it is said above, is the *psychological matrix* for understanding the motivations and anxieties of Western man; is not this also the key to understanding the motivations and anxieties of man in industry?

It is generally true to say that when a person's primary material wants, his need of adequate food, clothing and shelter are unsatisfied, his main struggle is to supply those wants; but when the primary wants are satisfied his motivation changes and his new goal is personal status, personal significance. The conflicts in industry to-day are in my opinion not to be read in terms of their apparent causes but in terms of a deep need for personal significance which expresses itself as revolt against the authoritarianism of the material culture; this revolt is heightened by the fact that the social culture is non-authoritarian, is democratic.

If, as has been said, there is deep anxiety in Western man about status goals, and although status goal seeking in leisure life does give the least of grown-up people citizen status, what of the anxiety of Western man in the other half of life, the working half in which, as we shall later see, status is decreasing?

THE SOVEREIGN HEADMAN FANTASY

When the bourgeoisie took over the power from the hereditary feudal lords the quality of the power changed, for the ethical and religious sanction was gone. In the feudal hierarchy, to quote the psychotherapist Jung, "Men were all children of God under the loving care of the Most High who prepared them for eternal blessedness; and all knew exactly what they should do and how they should conduct themselves in order to rise from a corruptible world to an incorruptible and joyous existence." There was Mother Church and father lord, the relationship was a familial one in its main aspects.

With the new goal of status through power and money seeking and with the loss of the religious discipline, the new rulers replaced the fa-

miliar relationship of Lord and serf by the compulsory relationship of master and wage slave; and this new relationship found its bitterest expression in industry where the wage slave, small child, adolescent, man and woman had a poorer life "than a donkey in a costermonger's barrow." The person was not now a dear child of God, the person was now an economic unit in the employer's search for status through power. The headman principle, the principle of economic rulership, was born and, in spite of its defeat in social life, it is supreme in industry to-day.

Actually, the headmanship system which by its very nature denies the natural group process of throwing up a leader, is what the psychoanalyst would call a "*projective system*"; that is, it does not depend for proof on appeal to nature, but, rather, depends on cultural conditioning of the child in the acceptance of institutionalised practices by the parents who accept those practices. That the headmanship system is supreme in industry and the leader principle is dominant in society (as when groups vote for leaders) is an example of the peculiar split in our culture.

Around this projective system of headmanship in industry has been built up a huge rational or thought-out system by exponents of what is called "scientific management." Hundreds of books have been written on methods of headmanship-organisation (I have written a number myself) and thousands of charts have been published on this and that method of headmanship expression, with the result that we take for granted that the management organisation in industry is the right and natural one.

The headmanship system in industry is highly elaborated and seems to those used to it to be indispensable, but, as is usual with such systems, its weaknesses are felt and are met by modification of the set-up and not by study of and alteration of the system in terms of reality. Thus, that imposed foremen should be better trained and that the working groups should have a say in joint consultation are in my opinion typical adaptions of a system which depends for its existence on a blindness to reality.

The fantasy, the cultural fantasy, is that imposed headmanship is an inevitable and right system for industry. The reality is that the system of autocratic headmanship is a life frustrating and anxiety creating cultural technique which has successfully been rejected in social life (in democracy) but grimly hangs on, a relic of the early factory age, in modern industry. It can be understood only in the light of cultural history, and its special effects can be diagnosed in terms only of the split in the

human role which is the high light of our democratic social and autocratic industrial life.

. . . . . .

IRRESPONSIBILITY AND RESPONSIBILITY

Grave consideration of the repressive work situation and of the split in human roles and in consciousness is of prime importance. To a large extent the split explains the socially irrational attitudes and acts of groups of people whose dominant role—that is, the role which brings in the livelihood—is as workers. It also explains the evident weakness in our days of political appeal to social loyalty; finally the split helps to explain the rise of economic socialism in contra-distinction to political democracy.

To the psychologist the differences between our social and our industrial culture, and the related split of the social role of the individual into citizen and worker, should be of profound interest. In the social role as citizen there is appointment of leaders, there is responsible freedom, there is democratic participation; in the role of worker there is imposition of leaders, there is the institutional discipline which must be obeyed, there is little or no democratic participation of any effective nature, and work has little or no therapeutic value.

The characteristics of individuals who have lived for long periods of time in an atmosphere of institutionally imposed discipline which must be obeyed, under penalty of loss of livelihood by dismissal, are not difficult to detect. Life in such a situation enables the individual to throw responsibility on an external authority, and the individual, therefore, regresses to a state of childish dependency and irresponsibility. Equally, with this regression there goes an absence of initiative and an absence of that self-discipline which makes for effective personal relationships. At the same time, the insecurity of the situation forces a galling conformity to external authority which develops and encourages an inevitable need for revengeful delinquency. Both experiment and observation make clear the direct relationship between imposed external discipline and delinquency on the one hand, and self-discipline and cooperation on the other.

Clinical work clearly shows how delinquency in children arises where the family *milieu* and the parents are over-rigid and insufficiently affectionate, and where external discipline replaces persuasion and the development of self-discipline. If, as has been said, "all you *have* to do

is what you are told" then all you *will* do is what you are told, and there will be no spontaneous effort and no spontaneous cooperation. In these circumstances there is a degradation of the individual to an irresponsible level, and there is a disintegration of a group into an aggregate.

There is more than enough evidence to show that it is not possible to teach responsibility without giving responsibility. Political democracy is our heritage, and growth of political democracy is our natural line of development, but if this is to be achieved the split between the responsible role of the citizen and the irresponsible role of the worker must be healed, and social responsibility must be achieved in work as well as in leisure.

POSTAL RETAIL COMPANY (A)*

The Postal Retail Company[1] was one of the pioneers in the field of mail-order merchandising of consumers' goods. Over the course of many years, during which the company had survived a number of critical situations, the company had achieved a position of prominence in its field. Its survival and success were generally thought to be due, in large measure, to its policies of competitive prices, liberal guarantees, and the willingness of the company to refund the purchase price of any article which was found by the customer, upon receipt, to be unsatisfactory or of qualities other than as represented or advertised, or which in any way failed to meet his requirements or expectations.

In order to provide more prompt service, and to specialize in the regional differences in tastes and requirements in consumers' goods, the company had established a series of regional warehouses throughout the country which maintained stocks of merchandise, and to which customers in the region addressed their orders. The functions of these regional warehouses were therefore primarily inventory management and the filling of orders. Questions of refunds, exchanges, and fulfillment of guarantees were also handled in the regional offices, which were located in these warehouses. Regional warehouses were generally located in larger cities, and their location was carefully planned to make it possible to serve the largest number of people with the minimum postage and express expense.

As a corollary to its fundamental policy of low, competitive prices, the company had always operated on what was, for distribution of goods to ultimate consumers, a small margin. To operate profitably on such a small margin required very careful control of costs. While the sales volume of the Postal Retail Company had been increasing, and in fact had reached a new high, expenses, particularly labor, had also increased, and the utmost diligence was necessary to keep the expense ratios in line with the standards and budgets which had been established. These ratios were regarded by the top management as being imposed on the com-

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[1] This case was drawn from a report of a personal experience submitted by an army officer while attending a course of instruction at the Harvard University Graduate School of Business Administration. All names and designations have been disguised.

pany by the conditions and nature of the competition to which it was subjected by other mail-order establishments and local retail outlets.

The fundamentals on which the continued prosperity, and even existence, of the company rested were thought, by the management of the company at all levels, to be: low prices, customer-satisfaction, prompt service, and low operating costs.

Obtaining competent personnel for the running of the warehouses had always been regarded by the management as being of prime importance. It had always been a difficult problem, but had become increasingly so as wages offered in other industries had increased. Not only did the company find it difficult to compete for new labor, but also it had lost some of its older and more experienced employees to industries which offered the attraction of higher wages.

This tightening of the labor market was especially acute in Wexford, a large eastern city in which one of the regional warehouses of Postal Retail was situated. Wexford had been an industrial city for a hundred years, but, of late, many new industries had located in and near the town because of its location which was favorable from the point of view of transportation facilities, nearness to mass markets, location of resources, etc. It was to the Wexford warehouse that John Cromwell came to work as a trainee shortly after leaving college.

Following a training period of some weeks, John Cromwell had been assigned to the Inspection Department. In this job, during the next year and a half, Cromwell worked, at one time or another, in practically all of the departments in the plant, making inspections of the departments' operations. In his position, he had made himself known to, and had come to know, most of the department managers, the stockmen (who headed up the sections), and many of the workers. While the nature of his work sometimes placed him in a position of criticizing or opposing a department manager or a stockman, on the whole he felt, and Anthony Richards the chief of the Inspection Department had told him, that his relations with other people in the organization were surprisingly good. He was also sure, as a result of his success in managing a drive for increasing accuracy in filling orders, that he had some ability to bring forth the co-operation of others. Cromwell knew for a fact that he had gained the good will and confidence of many of the people with whom he had contact. As a result of his experiences, he had formed opinions of the capacities and limitations of most of the department managers.

At the end of about 18 months' service in the Wexford warehouse, Cromwell was assigned to the position of assistant manager in Department 5, which was headed by Duncan Selkirk.

The operations in the Wexford warehouse were divided among a half-dozen departments, each of which occupied a whole floor in a large building, which was located in the suburbs. In addition to the operating departments, there were the Inspection Department, in which Cromwell had formerly been employed, and a Clerical and a Shipping Department. Each operating department was made up of from eight to ten merchandise sections which handled subdivisions of the class of merchandise with which the department concerned itself. Each department manager had an assistant manager who stood in a line relationship with the stockman, or section heads, as a sort of deputy to the department manager. Department 5, to which John Cromwell was assigned, was comprised of the following sections: (1) school supplies; (2) sporting goods and athletic equipment; (3) drugs; (4) cosmetics; (5) toys and games; (6) radios, phonographs, and records; (7) musical instruments; (8) candy.

John Cromwell had picked up the following information concerning Duncan Selkirk during the preceding year or so from Selkirk's associates, and from Selkirk himself, on various occasions.

Selkirk had worked for the Postal Retail Company for seven years, having started as a bin loader and worked his way up through stockman and assistant manager until, in the summer before Cromwell became his assistant, he was made manager of Department 5. He originally came from Arkansas where his family had a sizable estate. He attended public schools through the first year of high school, following which he was sent to a private school to prepare for college. Studying and books never interested him very much, and after spending several years in the prep school, he found that his football ability, alone, was not going to be enough to get him admitted to college. Against his family's objections he left school and joined the Marines. He served two enlistments with the Marines and left the service after several years as a top sergeant. He was very proud of this accomplishment and often spoke of it. After leaving the Marines, he married an eastern girl and settled down to live near her home. Shortly after being married, he was offered a position with an investment house in New York, but refused the chance because he "didn't want any job because he had married into a family which had a large interest in the business."

Some time later, he started to work for Postal Retail as a bin loader in Department 4 (shoes, stockings, underwear, etc.) at the Wexford warehouse, with the promise that if he showed ability he would be advanced quickly. Being young and in good physical condition, he soon impressed his manager favorably and was brought along in line for a more important job. However, he was made to work hard each step of the way and learned the operations by actually doing the work. Arthur Merlin, the manager of that department, was a stickler on details and insisted that every handling be performed perfectly. It was generally thought by his colleagues that Merlin would go to any extreme to run down a cause of complaint, and that he tried to imbue his subordinates with his own sense of thoroughness. After spending nearly a year at various laborious tasks, Selkirk was made a stockman in the shoe section, which assignment he handled creditably. After another year he was promoted to the position of assistant manager of Department 2.

In Department 2, he worked for George Mordred, manager of the department, and had as his co-worker one Antonio Savoia who had been assistant manager in the department for several months. Selkirk soon came to the opinion that Mordred was a "slave driver" who was thoroughly disliked by all the employees in Department 2. Mordred received very little co-operation from the workers, but was ably supported by Savoia, who shared, or pretended to share, his views. All the more difficult operations seemed to be assigned to Selkirk, and he encountered hostility from the employees as well as from Savoia. After nearly a year of this difficulty, he was transferred back to Department 4, where he became assistant to his old boss, Arthur Merlin. Selkirk spent four years as the assistant in that department.

At about the time John Cromwell came to work for Postal Retail, the Operating Superintendent of Wexford was transferred to a western warehouse and a new superintendent came to Wexford from a southern warehouse. The new Operating Superintendent at Wexford was a young man who had risen rapidly since joining the company after graduation from a southwestern university. Wexford had reflected a notably poor record in recent cost and quality reports, and the new superintendent, William Godcell, became convinced after a month's observations that the fault lay with some of the older department managers. With the approval of the Wexford General Manager, he performed a "house cleaning" operation, firing some of the supervisors. Among those discharged were George Mordred of Department 2 and Antonio Savoia,

and the Assistant Manager of Department 5. In the same move, the manager of Department 5, Anthony Richards, was made the manager of the Inspection Department. Selkirk was named manager of Department 5 in the shake-up.

Duncan Selkirk was regarded by most of the people at Wexford as "hard-boiled," and because of his apprenticeship under Arthur Merlin, it was expected he would prove to be a manager who would demand that everything be done to perfection. This reputation preceded him to Department 5, which was generally considered to be run in a rather sloppy fashion, supposedly because of the disinterest of its former supervisors. The majority of the employees in that group were people who had worked for the company a long time and felt fairly secure in their positions. Under the management of Anthony Richards, several of the stockmen had practically managed the floor, and their actions were seldom questioned by the supervisors. Selkirk would not allow them such freedom and immediately made it known to the department that he was the boss. This conduct on the part of Selkirk caused resentment among these older stockmen, and some friction, and led to two or three dismissals. Following this "purge" a semblance of peace had settled down upon Department 5.

Nearly all the large-volume items of the Christmas season were in the stocks of Department 5. Sales from February to August ran about $18,000 a day, but they began to increase toward the end of September and reached a peak about December 17 when they were more than three times that figure. This called for a great deal of preliminary planning which had to be started as early as July. As this was Selkirk's first Christmas on the floor, and because there were no formal procedures established as a guide, he was unfamiliar with the preparations that were necessary. Furthermore, Cromwell had heard it said that Selkirk received very little co-operation from the employees. They seemed to choose the busiest days of the season to do their own Christmas shopping and, thus, left the department shorthanded. In any event, the department worked overtime every evening, and the payroll and customer-complaint ratios went far out of line. In terms of returned merchandise, the department experienced the worst Christmas season in its history, and Selkirk was emphatically told by William Godcell to get the department straightened out and his personnel in the proper mind to work. During the succeeding months, Selkirk apparently concluded he was unable to locate the sources of trouble, and in the following June he asked William Godcell

for an assistant to handle the schedule[2] while he devoted more of his time to surveying the conditions on the floor.

Brian Macmorris, who was assistant to William Godcell, called John Cromwell to his office one morning and after some general chat his voice assumed a more serious tone: "John, the other day Duncan Selkirk came to Mr. Godcell and asked for an assistant. He particularly wants someone to help on the schedule. Well, anyway, Mr. Godcell called me in after Selkirk had left and asked me what I thought of the possibility of promoting you to be Selkirk's assistant. Well, I told him that I had watched your performance in the drive for accuracy and thought you had shown considerable promise. I told him, 'Bill, I've watched Cromwell at work for the last six months and he has more than average common sense. He's a little shy and slow in getting to know people, but he seems to be judging them during that period. He strikes me as being very conscientious and should team up well in handling those soreheads in Department 5. Selkirk will bawl hell out of them and Cromwell will quietly size them up before he makes up his mind. I think the combination will be a good one.' " Brian Macmorris continued, "It'll be a pretty rough assignment for a while, but I don't want you to think that you'll be lost over there. We'll keep close watch on you; we want you to learn how to run a department, because ultimately, you'll be needed for that kind of a position. Learn all you can and at the same time be as much help as possible to Mr. Selkirk. You'll find he is a very capable manager, but sometimes a little hasty in making decisions. We must treat our workers fairly but firmly. Just because the union is threatening to organize them, we can't sit back and let the employees run our business. Orders must be filled promptly and correctly; we've got to keep costs down. Neither can we afford to antagonize them to the extent of bringing this condition to a head sooner than necessary. Your biggest job will be to act as a buffer between Selkirk and the employees and it may not be very pleasant for a while. If you need any help, come in and see me at any time and I'll do what I can. O.K.?"

Cromwell received this assignment with moderate enthusiasm. He recalled all he had heard about Selkirk, and in his mind he ran over one episode which he thought might affect his relations with his new superior. Some time before, while making an inspection in the shoe sections of Department 4 of which Selkirk was then assistant manager, he had found that a whole line of items did not correspond with the catalogue

[2]See Appendix I.

description, and he felt they should either not be sent to the customers at all, or should be accompanied by a special letter describing the change and reducing the price a little. He called this to the attention of Selkirk, who disagreed. Selkirk gave Cromwell the impression that he was more concerned with the delay that would cause in filling orders and with the increased time and labor necessary to include these letters than with possible customer dissatisfaction. Selkirk argued with Cromwell, saying: "That shoe is really just the same as advertised. The picture doesn't show clearly whether the heel is composition or rubber. Even if the catalogue does say 'composition sole and heel,' and this heel is in fact rubber, the customer will probably think that it is as it should be. There's no need for any special letter here! Besides, it would cost too much. This item sells like hell and we'd have to hold every order until we got the letter ready. You know how much trouble that is!" Cromwell was unconvinced. Seeing that he was getting no co-operation from Selkirk, he took the matter up with Arthur Merlin who concurred with him and instructed Selkirk to do as Cromwell suggested. John Cromwell always felt that Selkirk had resented Cromwell's going over his head. Cromwell was, therefore, always reluctant to approach Selkirk after that encounter.

However, during the aforementioned Christmas season, while Cromwell was still working on his accuracy assignment, there were many occasions when he had to deal with Selkirk, since the bulk of the business—and errors—of the plant were found in that department. He was surprised to see how calmly Selkirk seemed to accept all of the complaints of the Inspection Department and did his utmost to make the necessary corrections. In view of the tremendous pressure under which Selkirk was working, Cromwell was continually expecting him to "blow up." During this period, Cromwell also had an opportunity to size up the people in the department and he found that they were not co-operating with Selkirk, but were doing as little as they possibly could and still appear busy. More or less subconsciously he had congratulated himself that he was not in Selkirk's shoes.

APPENDIX I

THE SCHEDULE SYSTEM

The schedule system is peculiar to the mail-order business and is the method by which orders are assured of being shipped within 24 hours of receipt. Incoming orders received in the mail are sorted into "singles"

and "mixed orders." Single orders are those ordering items from a single merchandise department. Mixed orders call for stock from two or more different departments. The mixed orders are sent to the Clerical Department, where an individual ticket is typed for each item called for by the order. The "singles" are not thus typed, but are sent direct to the department concerned, where the merchandise is picked out from the customer's original order.

After sorting, and after the typing of "mixed" tickets, the mixed tickets and the single orders are sent to the scheduling department where each "single" and each mixed ticket is stamped with a time stamp showing the time when the order, picked and packed, must be returned to the shipping room. These tickets and "singles" are then sent to the proper department where they are sorted by sections. There are three "schedules" each hour, arriving in the departments at intervals of 20 minutes. The orders, picked and packed, are due back in the shipping room one hour after they have been received on the floor. This allows 20 minutes for sorting in the department office and 20 minutes for handling by the order pickers and the packers in the sections. The extra 20 minutes are to give a safety leeway for the orders to reach the shipping room on time, where postage or express is computed, wrapping checked, etc.

This schedule must be rigidly maintained since, before a "mixed" order can be shipped, the "mixed tickets" from one department must be matched with those from another department to complete the order for shipping. If one ticket is late, the order cannot be completed and must be handled by the shipping room off schedule. The costs of these "lates" are charged back to the department at fault. Statistics of "singles" arriving behind schedule from the various departments were also kept.

The department schedule supervisor and his helpers are thus under constant pressure to get orders filled within the time allowance.

QUESTIONS

1. What do you think of the management's opinion as to the basic policies on which the "survival and success" of the company depended?
2. What, in your opinion, are the implications of these policies (or others which you think might be essential to the company's "survival and success") for the operation of the departments in the Wexford warehouse?
3. On the basis of what assumptions, facts, and reasoning by management farther up the line, do you infer, was the former Operating Superintendent at Wexford transferred to a western warehouse and Godcell brought

in from a southern warehouse? What do you think of these assumptions, facts, and this reasoning?

4. On the basis of what kind of assumptions, facts, and reasoning, do you suppose, did William Godcell become convinced that a "house cleaning" and "shake-up" were desirable at Wexford in view of the warehouse's poor record in cost and quality reports? What do you think of Godcell's assumptions, facts, and reasoning—as you interpret them?
5. On what assumptions, facts, and reasoning, would you say, did Duncan Selkirk base his actions after he took over the managership of Department 5? What, as you see the situation, would you say of the administrative usefulness of Selkirk's assumptions, facts, and reasoning?
6. How would you explain the fact that in terms of returned merchandise, etc., Department 5 "experienced the worst Christmas season in its history after Selkirk took over as manager"?
7. How, do you suppose, did Duncan Selkirk, William Godcell, and the managers up the line each explain to themselves this poor showing of Department 5?
8. What do you think of Brian Macmorris' remarks to John Cromwell concerning his new assignment?
9. What does the episode of the rubber heels reveal to you of John Cromwell's understanding of co-operation? Of Duncan Selkirk's understanding? Of Arthur Merlin's?
10. Why, would you say, was Cromwell "reluctant to approach Selkirk after that encounter"? As you see it, could Cromwell have predicted in advance that he would be reluctant to approach Selkirk after such an "encounter"?
11. What kinds of pressures were exerted on different individuals and groups in the warehouse by the "schedule system"?
12. What opinions, if any, would *you* form of "the capacities and limitations" of Arthur Merlin, Duncan Selkirk, George Mordred, Antonio Savoia, Anthony Richards, William Godcell, and Brian Macmorris? Of William Godcell's superiors up the line?
13. What significance, if any, do you attach to the fact that Cromwell had "formed opinions of the capacities and limitations of most of the department heads" by the time he went to Department 5 as assistant manager?
14. What do you make of the fact that Macmorris referred to the people in Department 5 as "those soreheads"?
15. If Cromwell thinks he needs any "help" in acting as a "buffer between Selkirk and the employees," should he go to Macmorris? Why, or why not? If he does go to Macmorris, should he tell Selkirk or ask Selkirk's permission in advance? Why, or why not?

From "ORGANISATION OF LABOUR IN THE ARMY DURING THE WAR"*

by

A. D. LINDSAY

In a modern industrial society the fundamental antagonism is not between those who own capital and those who do not, important though that distinction may be, but is between those who take responsibility and manage and discipline, and those who are given no responsibility and are managed and disciplined, and . . . no solution of industrial problems is possible unless that antagonism is removed.

* *The Economic Journal*, Vol. XXXIV, No. 133 (March, 1924), p. 77.

POSTAL RETAIL COMPANY (B)*

It was in June that John Cromwell[1] reported to Duncan Selkirk to assume his new position as assistant manager of Department 5 of the Wexford regional warehouse of the Postal Retail Company—about nine months after Selkirk had been appointed manager, and about six months after Selkirk's first Christmas as manager, the Christmas season during which Department 5 made the worst showing it ever had experienced.

Cromwell began immediately to handle the "schedule," which he found to be a full-time job.[2] It was not long before Selkirk also gave him the supervision of checking incoming merchandise and supervising inventory levels. He felt a little resentful because it seemed to him that Selkirk was "unloading" a disproportionate amount of the work on him. In general, however, he felt he was getting along with Selkirk, who, apart from giving him so much work and constantly harping on the necessity of meeting the schedule, left Cromwell pretty much alone. Cromwell held his peace and concealed the annoyance he felt.

About the middle of July, he found himself in a state of tension. He had been under great pressure, trying to meet the schedule and do all the other work he had been assigned by Selkirk. Added to these troubles, he had not succeeded in getting the kind of response from the stockmen and others he had hoped for. Of the 55 people working under him, he felt not more than half were really doing their jobs the way they should. His greatest opposition came from the older help who, he was sure, resented having a young college man supervise them. They were still bitter at losing their former supervisors, especially Anthony Richards, and frequently told Cromwell how well they had treated the employees. The new, inexperienced help and a few of the older ones appeared to be doing their best for him and on them he felt he could rely. Between the pressure exerted by Selkirk to get the work done, and the lack of co-operation from the employees, Cromwell almost felt ready to give the job up and tell Selkirk and all the rest of the organization to "go to hell." However, he decided that he would give the situation serious thought to see if there might be some way to improve

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[1] All names have been disguised.

[2] See the Postal Retail Company (A), Appendix I (pp. 459–60).

conditions. To quit would be the easy way out and sure proof that he "couldn't take it." His pride, and his ambition, counselled patience and perseverance.

Cromwell divided his problems into two groups: (1) Those occasioned by his newness at the job and Selkirk's continued prodding to get more work out of the employees, and (2) those caused by the lack of cooperation from the employees.

The first of these, he decided after consideration, was due to Selkirk's trying him out to see exactly how much he could take before he would "blow up." He was sure he could stand up under the pressure and could take as much work as Selkirk could "hand out" (even if only to satisfy his own pride), if only he were able to overcome the hostility of the employees and get them to work to Selkirk's satisfaction. He felt that any personal problems he might have with Selkirk would disappear if the department could be put in good running order. Therefore, he believed his first move would have to be to bring the recalcitrant employees into line, failing which, he would ask for their removal. He evolved several plans for doing this and was considering proposing them to Selkirk for his approval. They were as follows:

(1) Selkirk and he and the stockmen must bear in mind the fact that another Christmas season was coming upon them, and they should start their planning for that season soon so as not to repeat the unhappy events of the preceding year. (This was just telling back to Selkirk what he had already told Cromwell several times, but Cromwell hoped it would show Selkirk that he was taking the job seriously. He hoped that by tying his proposals to something Selkirk had very much had on his mind and frequently spoke about, it might help to make Selkirk think that the following proposals were simply carrying out his own ideas.)

(2) There were several female order pickers who were particularly troublesome because they refused to exert themselves to meet schedules. They were good workers when they wanted to be, however, and they knew how to do the job. Cromwell was thinking of suggesting that two of these girls be relieved of their work on schedules to start training new order pickers who would soon have to be hired for the autumn increase in sales and later for the Christmas season.

(3) The Clerical Department planned soon to hire more typists to cope with the increased business. Cromwell had learned this from a friend who was a section head in that department. In Department 5, there were three girls on the floor who had been trained to be typists and

who had several times requested transfer to the Clerical Department. Selkirk had previously refused to permit this transfer because, so Cromwell inferred, he did not want the bother of breaking in new help. Cromwell contemplated telling Selkirk that the department would be better off without them since they were dissatisfied and that he was afraid they were trying to influence the more helpful employees.

(4) Cromwell was also thinking of proposing the hiring of several new bin loaders to work with the better stockmen, and seeing to it that they were properly trained in all aspects of stock work. He thought they might be kept through the Christmas season; he would tell Selkirk that he was sure they could probably find among this new group—necessary, in any case, for the Christmas season—two or three to replace the stockmen who were giving the most trouble. He felt that those stockmen who were not co-operating would do better work when they realized that there were trained personnel available to fill their jobs.

He hoped eventually to select two of the more promising new bin loaders to replace two of his present stockmen who gave indications of being dissatisfied in their jobs. One of these older men, Robert Percy, had once had the ambition to become an accountant and had attended an evening school of accounting. Cromwell learned this first from the man's personnel file and confirmed it by talking with him. The other fellow, Sheldon Keats, had had little education but had been complaining because "he was stuck and was getting nowhere in the organization." This was true since he had been a stockman for five years. Cromwell had the thought that, when two of the new bin loaders were ready to carry the responsibility of the job of stockmen, he would seek the permission of William Godcell to have the two older men transferred to the Inspection Department where they might have a better chance for advancement. He broached this idea in a tentative way in a conversation with Brian Macmorris, Godcell's assistant; and Macmorris assured him that it could undoubtedly be arranged. Inwardly, Cromwell felt very confident that Percy would be able to make a success of an opportunity in the Inspection Department, but was quite certain Keats would not.

Cromwell had just about rejected another alternative he had considered: to go to Selkirk and tell him that he could not operate with the employees that he then had. He felt that this would be admitting defeat and that Selkirk would be moved to carry out a drastic shake-up in the organization by firing those who were troublesome. Cromwell was thinking that this would be of no help to him, as he would then have to start

a difficult season with the loss of experienced people. To persuade his people to his way of thinking and to make them efficient employees seemed to be the best method from his standpoint, and therefore, that was what he had almost decided to do. He thought he probably couldn't expect any immediate change in attitudes because they had been developed over a long period, and he realized it would take a long time to break them down. He wondered what other things he might consider doing.

QUESTIONS

1. What significance would you attach to the fact that John Cromwell had "feelings" of resentment, annoyance, and tension? To his feeling that he was almost "ready to give the job up and tell Selkirk and the rest of the organization 'to go to hell' "?
2. What, in your estimation, would be the probable reaction to Cromwell's plans on the part of each of the following groups and individuals:
   a) The two "particularly troublesome" female order pickers who would be relieved of their work on schedules to start training new order pickers?
   b) The female order pickers who were *not* "particularly troublesome"?
   c) The three girls on the floor who had been trained to be typists?
   d) The "more helpful" employees who, Cromwell feared, might be under the influence of the girls who had been trained to be typists?
   e) The present bin loaders?
   f) The bin loaders to be hired for the Christmas season?
   g) The "better stockmen"?
   h) "Stockmen who were not co-operating"?
   i) Robert Percy and Sheldon Keats, the stockmen "who gave indications of being dissatisfied in their jobs"?
   j) Duncan Selkirk?
   k) William Godcell?
   l) The executives farther up the line above Godcell?
   m) Anthony Richards, the manager of the Inspection Department?
3. What, do you suppose, were Cromwell's views (if any) as to the probable reactions to his plans on the part of each of these individuals and groups? What significance, do you think, did Cromwell attach to each of these sets of probable reactions as *he* saw them?
4. What significance, if any, would *you* attach to each of these probable reactions as *you* visualize them?
5. What responsibilities, if any, toward each of the individuals and groups listed in Question 3 do you think Cromwell conceived himself to have? What responsibilities, if any, do *you* think Cromwell had toward each of these individuals and groups?
6. Is any issue of morality or ethics involved in Cromwell's decisions to try to get Keats transferred to the Inspection Department even though he is

very confident that Keats will not make a success in the opportunity he might have there?

7. Is any issue of morality or ethics involved in Cromwell's intent "to make Selkirk think that the . . . proposals were simply carrying out his own idea" by tying these proposals to something Selkirk had very much on his mind?
8. On the basis of what assumptions, facts, and reasoning did Cromwell come to think these plans of his would contribute toward the betterment of the situation in Department 5?
9. In view of your own analysis of the situation—of the company and its policies and management, of the situation at Wexford, of the recent history of Department 5, of the individuals concerned—what do you think of each of Cromwell's several plans? Why?
10. What, would you say, was Cromwell's "size-up" of Selkirk? How does it compare with your estimation of Selkirk?
11. What, would you say, was Cromwell's "size-up" of himself? How does it compare with your estimation of Cromwell?
12. What action or actions (if any) do *you* think Cromwell should take? To what end? Why? What attitude and assumptions on Cromwell's part would this action or actions presuppose?
13. If some one up the line in the management of the company should, somehow or other, become aware of the situation as set forth in the two cases, what action, if any, should he take?

From *THE G-1 MANUAL**

of the

COMMAND AND GENERAL STAFF COLLEGE

1701 DEFINITION OF LEADERSHIP.—Leadership is the art of imposing one's will upon others in such a manner as to command their obedience, their confidence, their respect, and their loyal co-operation. The leader of a group should:

a) Have all of the qualifications of a leader.
b) Motivate the members of the group so as to keep them contented and productive.
c) Use the members of the group in accordance with their abilities.
d) Promote mutual confidence, respect, and co-operation in the group.
e) Be able to detect indications of discord in the group.
f) Be respected by the members of the group as the group chief and leader.
g) Punish violators of discipline.
h) Protect the best interests of the group, within the limits of the group mission, at all times.

. . . . . .

1711 QUALITIES DESIRED IN MILITARY LEADERS.—*a*) *The Leader Must Have Good Judgment.*—(1) Judgment is the ability to think clearly and arrive at logical conclusions. It manifests itself in common sense, "gumption," intuition, and ability to stick to the subject. It may be developed by conscious methodical effort toward deliberate thought on each question presented.

(2) The exercise of good judgment requires that an officer have intelligence. Intelligence is indicated by the ability to understand new ideas or instructions. The ability to coordinate a new fact or idea with what is already known indicates intelligence. The failure to grasp the spirit or comprehend the meaning expressed in an order shows lack of intelligence.

* Fort Leavenworth, 1947.

b) *The Leader Must Have a Strong Sense of Responsibility.*—(1) Responsibility for his organization requires that the leader constantly check to see that his orders are carried out and, where necessary, that corrections are made at once. Every individual should be trained to avoid an assumption that orders have been properly executed.

(2) The orders issued by a leader, no matter where they originate, become his orders to be enforced with all the authority he can exert. A leader should demand this sense of responsibility in subordinate commanders and encourage it whenever possible by exercising his authority through them. He should refrain from intervening openly in the exercise of their authority, or doing anything to discredit them in the eyes of their men.

(3) Leadership calls for the assumption of responsibility.

c) *Leaders Must Have Good Character.*—(1) Leaders must be stable under pressure. The stability of an officer under pressure is gauged by his firmness in position—ability to resist a force tending to overthrow; firmness of character; constancy under extenuating circumstances, distress, or urgent demand; ability to think and act calmly, logically, and rapidly under stress.

(2) Leaders must be forceful. Force is the faculty of carrying out with energy and resolution that which on examination is believed to be reasonable. Force must not be confused with bluster, a dogmatic or dictatorial manner, or plain stubbornness. That officer possesses force who without antagonizing others, calmly and uniformly exacts efficient performance from his subordinates and thus gets things done smoothly, quickly, and efficiently.

d) *Leaders Must Have Ability to Motivate Others.*—(1) Leaders must be able to cooperate. Cooperation means the ability to act jointly and effectively with another or others, military or civilian, to obtain designated objectives.

(2) An officer's ability to motivate others may be gauged by his capacity to direct, control, and influence others in definite lines of action or movement, and still maintain high morale.

(3) Leaders must have courage. Although a leader does not expose himself needlessly, thoughts of his own safety are subordinated to concern for his mission and his men. His presence and the force of his personality, and example, should insure the successful accomplishment of the mission.

e) *Leaders Must Have Energy.*—(1) An officer displays energy in his ability to work rapidly. However, hustle and bustle which result in

confusion, should not be considered ability to work rapidly. The degree to which an officer is efficiently active, energetic, and quick is a gauge of his energy.

(2) A leader must be able to work thoroughly and conscientiously. He must have the ability to subordinate his own convenience, comfort, and desires to a complete, exact, careful, and faithful performance of his duty. It should be remembered that a quiet officer may accomplish more with less apparent effort than the blusterer who makes a great show of being on the job.

(3) A leader should use initiative, taking appropriate action on his own responsibility in the absence of orders. A person who exercises initiative thinks and sees for himself, weighs the need and desirability of the action, and then goes ahead with its accomplishment.

. . . . . .

1722 RESPONSIBILITIES OF ARMY LEADERS.—The leader in the Army, officer or noncommissioned officer, has certain responsibilities which he cannot escape, and which he cannot delegate. He may have a staff to assist him in discharging those responsibilities, but he, and he alone, is responsible to the men of the command and to the higher headquarters. The commander may have subordinate commanders to assist him in discharging his responsibilities. But there again, the commander is fully responsible for the acts and deeds of his subordinate commanders. The Army leader is responsible:

a) To his group for fair and impartial treatment of all members.
b) To his group for fair distributions of difficult and dangerous tasks.
c) To the group that they get all the credit due them.
d) To the group that there is no important internal discord.
e) To higher headquarters that the group is productive.
f) To higher headquarters that the group accomplishes its missions and on time.
g) That his group receives their rights and privileges.

1723 LEADERSHIP RESPONSIBILITIES OF COMMAND.—*a*) *Authority and Obligation of Command.*—(1) A military commander is vested with a high degree of authority. This authority extends into matters normally considered individual and personal, such as the eating of food, care and manner of wearing the uniform, health habits, morale,

and other elements of character and behavior—matters which directly or indirectly affect the lives of the individuals under his command.

(2) A military commander deserves to be called a leader when his subordinates obey his commands because they have confidence in him rather than because they fear the consequences of disobedience.

(3) These two functions, the authority to command and the obligation to lead, are so interwoven that they can not be considered separately. However, in moving down the chain of command to closer personal relationship between superior and subordinate, there is a gradual shifting of emphasis from command to leadership, so that while the commander of a battalion or company is referred to as a commander, the commander of a platoon, section, or squad is referred to as "leader."

b) The Commander Must Exercise Control.—Command and leadership are inseparable. Whether the command be large or small, whether the functions of command are complex or simple, the commander must be the controlling head; his must be the master mind.

c) The Commander Has Full Responsibility for His Unit.—Decision as to a specific course of action is the responsibility of the commander alone. While he may accept advice and suggestions from any of his subordinates, he alone is responsible for what his unit does or fails to do.

d) Inaction and Indecision in a Commander Are Always Wrong.—A willingness to accept responsibility is the foremost trait of leadership. Every individual from the highest commander to the lowest private must always remember that inaction and neglect of opportunities will warrant more severe censure than an error of judgment in the action taken. The subordinate unit is a part of a tactical team employed by the higher commander to accomplish a certain mission, and any independence on the part of a subordinate commander must conform to the general plan for the unit as a whole.

e) Commanders Must Use Initiative.—The commander's mission is contained in the orders which he has received. Nevertheless a commander of a subordinate unit can not plead absence of orders as an excuse for inactivity. If the situation does not permit communication with the superior commander and the subordinate commander is familiar with the general plan of operations or the mission of the whole command, he should take appropriate action and report the situation as early as possible.

f) *Commanders Must Not Be Easily Perturbed.*—In spite of the most careful planning and anticipation, unexpected obstacles, friction, and mistakes are common occurrences in battles. A commander must school himself to consider these events as commonplace and not permit them to frustrate him in the accomplishment of his mission.

g) *Commanders Should Not Violate the Sovereignty of Command of His Subordinates.*—All the troops assigned to the execution of a distinct mission should be placed under one command to function as a task force for the duration of the operation. So long as a commander can exercise effective control, he does not disturb the established chain of command in his forces. Better support or coordination frequently can be effected by decentralized control such as during marches or in rapidly changing situations. A commander who is advanced to a higher command should be relieved from the responsibility of direct command of his former unit.

From *THE WAY OF LIFE ACCORDING TO LAO-TZU: AN AMERICAN VERSION**

by

WITTER BYNNER

SAYING 17

A leader is best
When people barely know that he exists,
Not so good when people obey and acclaim him,
Worst when they despise him.
"Fail to honor people,
They fail to honor you";
But of a good leader, who talks little,
When his work is done, his aim fulfilled,
They will all say, "We did this ourselves."

. . . . . .

SAYING 57

A realm is governed by ordinary acts,
A battle is governed by extraordinary acts;
The world is governed by no acts at all.
And how do I know?
This is how I know.
Act after act prohibits
Everything but poverty,

* New York: John Day Co., 1944. Quoted by permission of the author-translator and the publisher.

[EDITORIAL NOTE BY J. D. G. AND R. M. H.—Lao-tzu is thought to have flourished in Honan province, China, during the sixth century, B.C. He apparently was a contemporary of Confucius, whom he reportedly met one or more times. Said to have served the local dynasty as archivist, he was saddened by the decadence of the dynasty and by "men's tragic perversity," and he is supposed to have ridden away alone into the desert. Tradition has it that a warden of the gate through which he intended to pass persuaded Lao-tzu to write down some of his philosophy, a thing that Lao-tzu had always refused to do, supposedly for fear that a written philosophy might become the basis of formalistic dogma—a formal doctrine as opposed to inner faith. Before going on, Lao-tzu wrote down the *Tâo-tê-king*, translated by Witter Bynner as *The Way of Life*. (See Bynner, *op. cit.*, pp. 7-9; also article on "Lao-tzu" in *Encyclopedia Brittanica* [1945], Vol. XIII, pp. 712-14.)]

Weapon after weapon conquers
Everything but chaos,
Business after business provides
A craze of waste,
Law after law breeds
A multitude of thieves.
Therefore a sensible man says:
If I keep from meddling with people, they take care
of themselves,
If I keep from commanding people, they behave themselves,
If I keep from preaching at people, they improve
themselves,
If I keep from imposing on people, they become themselves.

. . . . . .

SAYING 65

Sound old rulers, it is said,
Left people to themselves, instead
Of wanting to teach everything
And start the people arguing.
With mere instruction in command,
So that people understand
Less than they know, woe is the land;
But happy the land that is ordered so
That they understand more than they know.
For everyone's good this double key
Locks and unlocks equally.
If modern man would use it, he
Could find old wisdom in his heart
And clear his vision enough to see
From start to finish and finish to start
The circle rounding perfectly.

DELMAN FORGE COMPANY (A)*

One day in August, 1942, Richard Carter,[1] assistant to the president of the Delman Forge Company, noticed that one of the metal crane boxes, used to haul material around the plant between operations, had particularly ragged edges and bent sides. Previously Carter had noted the same condition on several other crane boxes and realized that the sharp, uneven edges were dangerous and should be repaired. Peter White, the foreman of the maintenance department, was the man who should do the job. Carter had put off speaking to him because he had found that, while Peter had been co-operative on some jobs in the past, at other times he had delayed and found excuses for not doing a job. Carter was anxious to get this job done promptly.

Carter remembered the following incident, which had occurred some months earlier, as illustrating White's unpredictability. Carter had been worried about the lack of safety guards for the flywheels in the press-room. He had made it his personal objective to have guards placed on every wheel in that department, which was just outside his office and therefore always under his attention. Through repeated pressure on Peter, he had finally managed to get guards put on all but three of the machines. Failure to complete the job annoyed him considerably.

He took the matter up with White as follows: "Peter, when are we going to get those last few guards put on the presses in the pressroom and make it a 100% job? You know that's been one of my pet peeves ever since I started to work here, and it burns me up to see the job still unfinished. I pass those presses a dozen times a day, and they remind me that the work isn't completed. Everyone knows how I feel about it. The other guards have been on for several months now; why can't you finish the job? It shouldn't take this long."

Peter replied, "Well, Richard, there have been so many other jobs to do, really important repair jobs that might hold up production if they were not taken care of right away, and I just don't have the men to do the rest of the guards now. If we weren't working seven days a week and three shifts, it would be easy to do things like that; but it isn't that way any more. We will have to get them out whenever it is possible."

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[1] This report of his experiences was written by "Richard Carter" when he was a student at the Harvard Business School. All names have been disguised.

Weeks later Carter noticed that the guards still had not been put on the presses.

The following incident, on the other hand, illustrated Peter's willingness to carry out a suggestion that was made to him on another occasion. One morning Carter said to him, "Peter, I have been having a heck of a time with my coalbin. You know I have a hopper-fed stoker that has to be filled up about every five days. Well, I have been doing it by filling buckets and carrying them over to the hopper about six feet away, and I spill coal all over the floor on the way. My wife doesn't like it at all because it makes the basement floor so dirty, even though I sweep it up each time. I was thinking last night that maybe a little chute could be made and eliminate a lot of that dirt. I made a rough sketch of what I thought might work, but I'll admit it isn't very technical and probably not worth much. Could you work out something like it for me sometime when you get a chance? Now don't let this interfere with anything around here. Just forget it if it is going to be a nuisance."

Peter replied at once, "Let's see what you drew up there, Richard." He took the sketch and looked at it quickly. "Oh yes, I see what you need; but it isn't quite like that. Make a couple of changes here and there, and it ought to be just what you are looking for." He made a sketch of his own on the pad he invariably carried with him and on which he took down notes of things to be done. "We are pretty busy now, but maybe in a couple of days I can show the blacksmith what you want and have him fix one up for you."

"Gee, thanks, Peter," Richard said, "but there's no hurry about it, you know."

Within two days the chute was finished and delivered to Carter's office, and Peter thought it was ridiculous that a special work card had to be made out for the time and material, as Carter insisted.

These two occurrences, and there were several others of like nature, irritated Carter because they made it look as though Peter had time to do what he wanted to do. Carter had noticed how little things got sidetracked when suggested by certain individuals, particularly when Peter did not personally agree as to their necessity. Yet if he approved the idea, or it was one of his own, he put it into effect within a surprisingly short time, even when his department was overloaded with work. Furthermore, he would do almost anything in the nature of a personal favor for someone, if he were approached as the only person able to handle it.

The Delman Forge Company, where these incidents took place, was located in Scranton, Pennsylvania. Plant A, one of its two plants, was

engaged in the manufacture, heat treating, and machining of steel drop forgings. The company was a small corporation and normally employed about 500 workers in Plant A who worked five or six days a week on two shifts; in 1940 it had about 700 employees working on three shifts, six and seven days a week. The company's other plant, located several miles distant, was operated independently on the whole except for top management supervision.

Faced with the possibility of the company going out of business due to poor management prior to 1931, the directors brought in a highly capable and experienced administrator, Matthew Carter, Richard's father, and gave him complete authority as president of the company to straighten it out and get it back on its feet. During Mr. Carter's early years with the company, when there was a continual struggle to improve its financial position, he was clearly its most important leader, although all other members of the supervisory force at Plant A surpassed him in years of service with the company and in that particular branch of the steel industry. Nevertheless, the supervisors worked together without letting preoccupations about their relative positions in the organization interfere with their work. The other officers were employees of many years' service with the company; even the clerks in the office had been there a long time. In fact, the average age of the entire plant force was over 40. A majority of the office force and many of the employees in the plant were stockholders.

By the end of 1940 it was apparent that the plant would do a substantial defense business and that its volume of business would increase considerably. The president's policy, concurred in by the board of directors and necessitated by the company's finances, which were now stable but not strong, was that there should be no unusual plant expansion or installation of special equipment to make products new to the firm. Instead, the company undertook to make as many as possible of the types of drop forgings with which it was familiar and which were in great demand.

Richard Carter's close connection with the plant began in December, 1940. At that time Mr. Carter, Senior, believed that the plant needed a special compensation plan to provide an incentive for supervisors and management personnel below the officers' level. Friction among them, accompanying the added burdens of the company's growing volume of business, indicated to Carter that they were becoming increasingly aware of their relative positions in the company. Mr. Carter believed that if he could get the supervisory group to work together more effec-

tively, the company could avoid having to add more personnel. What he had in mind was a supervisory bonus plan comparable to those used in some other plants of the industry but particularly adapted to his plant and personnel.

Mr. Carter decided to ask his son, Richard, who had a flair for figures and some experience with the plant and its costs, to undertake the job of working out the desired bonus plan. Richard was 29 years old and a law school graduate. He had started the practice of law in 1935, and since that time had handled most of the legal collection matters of the company in addition to acting as assistant counsel in workmen's compensation matters and other corporate legal affairs. In 1937, upon recommendation of the chairman of the board of directors, while still carrying on his legal work, he had come into the accounting department on a part-time basis as an assistant auditor.

After a month's study of the situation and conferences with the production manager and with officials of other forge plants that already had such bonus plans, Richard Carter evolved a plan, based on the company's existing production records, that would provide an incentive for increased efficiency in handling larger volumes of work. It was based on factors in the daily records that were familiar to the supervisors and could be checked easily by them. It could not be interpreted as a "blood money" plan by the employees under the supervisors because the former, too, would make more money. Each department foreman was included, as well as the entire second level of plant management, the superintendent, engineer, purchasing agent, and sales manager, but not the president, treasurer, or other officers.

Richard Carter explained the plan fully to each person affected by it. It was put into effect as of the first of 1941. Over the period of the next three months Carter ironed out the "bugs" that developed and arranged everything to the satisfaction of the parties involved, a few adjustments being made retroactively. In accomplishing this Richard Carter had personal conferences with each individual participating in the plan and watched daily production records closely. These steps brought him into close contact with all parts of the plant and with its various processes and personnel. From time to time he observed both production and general conditions that seemed to leave room for improvement, and he reported them to his father together with his regular notes about the bonus plan.

During this period Matthew Carter gradually became aware that the increasing activity of the whole industry and the executive responsibili-

ties of a going and growing concern were absorbing more and more of his time. He decided, therefore, to put into the plant supervision someone who could observe closely everything that went on and report back to him on what he called an "impersonal" basis, so that he would know where corrective measures should be undertaken.

His son had evidenced the ability to get along well with most of the plant personnel during his association with the company, was familiar with corporate procedure and accounting, and had developed through his legal training and practice the technique of perception and analysis. Moreover, because of his training and other experience, Richard could help the company handle the increasing government controls. He had demonstrated his ability to understand and correlate the plant's productive efforts through his supervisory bonus system, and from that work was in close contact with the plant supervisors. Thus, Mr. Carter believed that Richard was the logical choice for the job. Office space for him was found next to the plant superintendent; and he started his new duties, which were announced as co-ordinating all the plant's activities effectively into the war production program.

In setting up this position for his son, Mr. Carter, Senior, tried to guard against creating further friction in the company by withholding from him authority that conflicted with that of the supervisors. Actually he never gave his son explicit authority to do other than what might be the job of a "defense co-ordinator." Richard was only authorized to report to his father his observations and recommendations on such things as production, safety, and improvements of plant and equipment. He could not, on his own, initiate action on those matters. His position in the organization was intentionally designed to be more in the nature of a "staff" relationship rather than of "line" authority.

Within a short time Richard Carter found that he was involved in such matters as starting and sitting in on a labor-management committee; setting up a plant protection program, including a police force and a fire brigade; introducing first-aid courses for supervisors and employees; co-operating with various government agencies in stimulating and maintaining employee morale in the war production effort; instituting and clearing Training within Industry programs; handling all Selective Service matters; and processing certain reports to the War Production Board and the War Manpower Commission.

In addition to the foregoing types of work, Richard Carter followed all production reports closely, not only in the interest of checking his bonus plan, but also to detect bottlenecks and to find reasons for high

and low production. He made it a point to circulate through the entire plant at least twice a day and make observations on general plant improvement and safety. On these tours he talked mainly with the foremen and other plant management officials; but he also often discussed local conditions with the employees and began to know more and more of the workers by name. If he thought he had a suggestion for the general improvement of the plant, based either on his observations or on comments of those with whom he came in contact, he reported it to the president either orally or in writing, depending upon the seriousness of the matter. Many of the activities already mentioned had first come to Richard Carter's attention in this way. Before long both foremen and employees acquired the habit of coming to him or stopping him as he went through the plant, to make their personal suggestions for improvements or to complain about working conditions.

When Matthew Carter was not able to attend meetings of the union grievance committee with the plant superintendent, he began to send Richard "to sit in and see what it is all about, but not to take any action." After such meetings the superintendent and Richard, sometimes together but more often separately, reviewed the cases with Mr. Carter and submitted separate notes and written recommendations, which were not always the same. Mr. Carter often told his son he was wrong in such cases; he had occasion to say the same to the superintendent, but he never told either man what the other's recommendation had been.

In 1942, Richard Carter's father gave him the title of assistant to the president. This change came about after he had "taken over" the president's desk during the latter's winter vacation in Florida in order to handle his father's personal mail, to check other incoming mail for material to be sent South to his father, and to act as clearinghouse for other reports sent to him. During the year the acceptance of a high percentage of his ideas and recommendations, coupled with pressure from his father for a steady and greater flow of suggestions, encouraged young Carter to expand his activities. He began to argue his points more aggressively than formerly with those who disagreed with his views and proposals.

Soon his failures to get co-operation from the plant supervisors began to increase in number. He began to realize that he had many irons in the fire but that few of them were getting hot. He sensed that his father, too, was beginning to wonder what was wrong. He told himself that the supervisors were "pigheaded," and he even began to figure out

ways and means of "needling" those who were unco-operative and to find something that he could pin on them to prove it.

Then he began to feel that it was he who was wrong and to lose confidence in his own decisions and ideas. Two incidents helped to create this feeling. For a while he had been asked to sit in on the grievance meetings, but then he was gradually left out. He had also been attending the city-wide meetings of the industry with the president and the superintendent, but was gradually left out of those meetings, too. While those meetings were to him two of the most interesting phases of the company's business, he tried to make it appear to anyone who noticed that of course he had "more important" matters that precluded his attendance.

Richard Carter next noticed that his activities were viewed with mixed feelings by the supervisors. He got along well with about seven men of his own age, several of whom were college graduates. These men were more eager, especially at first, to exchange ideas with him. The five other foremen were inclined to be aloof and to pay little attention to him. They did not seem to have any ideas to pass on or to discuss at any time. The puzzler of the group was Peter, the foreman of the maintenance department, who always seemed to be friendly, but ignored most of Carter's suggestions and ideas and sidetracked them whenever he could, as was the case with the safety guards in the pressroom.

Many of the employees thought of Peter as the "boss" around the plant. He was a first-class master mechanic, about 55 years old, of German extraction, with about 30 years of service with the company. He had personally supervised the erection and repair of every piece of equipment in the plant. Furthermore, he had long been in charge of building improvements and repairs. He was constantly "on the go" around the plant, and had been unofficially in charge of safety and fire protection for years. He was the only foreman who did not have some kind of separate office space or personal telephone. Instead, his desk was out in the open at one side of his department, and he used whatever telephone was nearest at the time. Typical of his methods was the way he handled building repairs done by an outside contractor. He took over the supervision and directed the entire operation, even though the job had been given to an independent contractor with allowance for supervision. Since he was in charge of maintenance, not only of equipment but of the buildings, any suggestions relative to safety, plant improvement, or equipment change or rearrangement had to clear through him. He al-

ways had definite ideas on the way in which each such matter should be handled. It was almost axiomatic that if anything had to be done, Peter had to be called.

Peter had successfully resisted all efforts to put in some sort of system to schedule his work, although both the production manager and the chief inspector had pressed that issue for several years in the belief that production would be improved. In like manner attempts to get organized "preventative maintenance" had failed with Peter. As a result every bottleneck that arose was sooner or later credited to him.

It was against this background of Peter's attitudes that Richard Carter contemplated how he should approach Peter to get the crane boxes repaired.

QUESTIONS

1. To what do you attribute Richard Carter's success, during his first year, in becoming a useful and important person in the Delman Forge Company?
2. What do you make of the fact that in the course of the second year young Carter was "gradually left out" of grievance meetings and the city-wide meetings of the industry?
3. Why was it that Richard came to think the supervisors were "pigheaded"? What do you make of the fact that he so regarded the supervisors? What do the people in the company, including Richard, think about Peter, in your judgment?
4. What do you make of the fact that, about December, 1940, the management personnel below the officers' level were "becoming increasingly aware of their selective positions in the company"? What do you think of Matthew Carter's view that the introduction of a supervisory bonus plan would result in the supervisory group's working together more effectively?
5. What do you think of Peter White? How, do you suppose, does Peter White feel about Richard Carter? What significance do you attach to the fact that Peter was the only foreman who did not have a separate office or a personal telephone?
6. How do you interpret the fact that Richard had "taken over" his father's desk during the time Matthew Carter was on vacation in Florida?
7. Such as they are revealed in this situation, what do you think of Matthew Carter's actions in the case?
8. What do you think of the way in which Richard Carter took up with Peter White the matter of getting guards put on the presses? What do you think of Peter White's response? How do you interpret the actions of the two men in this episode, and the ways in which they expressed themselves?
9. What is Richard Carter's problem?

From *MICROCOSMOGRAPHIA ACADEMICA**

by

F. M. CORNFORD

The principle of Discipline (including Religion) is that *'there must be some rules.'* If you inquire the reason, you will find that the object of rules is to relieve the younger men of the burdensome feeling of moral or religious obligation. . . . Plainly, the more rules you can invent, the less need there will be to waste time over fruitless puzzling about right and wrong. . . . The merit of such regulations is that, having nothing to do with right and wrong, they help to obscure these troublesome considerations in other cases, and to relieve the mind of all sense of obligation towards society.

. . . . . .

Since the stone-axe fell into disuse at the close of the neolithic age, two . . . arguments of universal application have been added to the rhetorical armoury by the ingenuity of mankind. They are closely akin. . . . They are called the *Wedge* and the *Dangerous Precedent.* Though they are very familiar, the principles, or rules of inaction involved in them are seldom stated in full. They are as follows.

The *Principle of the Wedge* is that you should not act justly now for fear of raising expectations that you may act still more justly in the future—expectations which you are afraid you will not have the courage to satisfy. A little reflection will make it evident that the Wedge argument implies the admission that the persons who use it cannot prove that the action is not just. If they could, that would be the sole and sufficient reason for not doing it, and this argument would be superfluous.

The *Principle of the Dangerous Precedent* is that you should not now do an admittedly right action for fear you, or your equally timid successors, should not have the courage to do right in some future case, which, *ex hypothesi,* is essentially different, but superficially resembles the present one. Every public action which is not customary, either is wrong, or, if it is right, is a dangerous precedent. It follows that nothing should ever be done for the first time.

* Cambridge, England: Bowes & Bowes, 3rd Edition, 1933, pp. 19–21, 29–30. Reproduced by permission.

From A SPEECH AT STRASBOURG*

by

WINSTON S. CHURCHILL

. . . I have not attempted to speak of the sentimental and moral aspects of our work. I hope that we shall not put our trust in formulae or in machinery. There are plenty of formulae—"slogans" I think Mr. Morrison called them—and, in spite of all the misfortunes which have occurred, there is still plenty of machinery in the political field. It is by the spirit that we shall establish our force, and it is by the growth and gathering of the united sentiment of Europeanism, vocal here and listened to all over the world, that we shall succeed in taking, not executive decisions, but in taking a leading and active part in the revival of the greatest of continents which has fallen into the worst of misery.

* Before the Consultation Assembly of the Council of Europe, August 17, 1949.

DELMAN FORGE COMPANY (B)*

In the early part of 1943, when the problems discussed in Delman Forge Company (A)[1] were foremost in Richard Carter's mind, he attended in New York one of the industrial conferences which were part of his job. He met there a government executive who had worked out a training procedure for foremen and union stewards in the interests of better industrial relations. One of his major points was that people did not like to be told or ordered what to do; yet if the same idea occurred to them first, they usually saw that it was followed out quickly. His theory was that if foremen could be taught that the way to get management's ideas carried out was to get employees to express their own ideas, a lot of resentment to orders would be prevented and things accomplished that would otherwise be delayed. He said it was not an easy technique to master, and it usually meant that the first person had to sit back and watch the other person get the credit for the idea; but he felt that it definitely worked. He had built his training course around this concept.

Richard thought this theory over carefully and discussed it with his wife. He decided that it might be worth a trial at the plant. He wondered if the fact that Peter White had made the little coal chute quickly but had not made the press guards had a significance he had missed.

Consequently, a few days later Richard Carter stopped Peter and talked to him.

CARTER: Say, Peter, our crane boxes take a beating, don't they? I just saw one in the pressroom that looked as if it had been through the war, all bent with ragged edges. There ought to be a way to fix them up, especially since they are so hard to get, nowadays.

PETER: It's a shame the way those boxes get banged up, and it is a darn tough job to repair them, even if you can find the time. As for replacing them, we've had an order in for 100 for six weeks. Here's my

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[1] This report of his experiences was written by "Richard Carter" when he was a student at the Harvard Business School. All names have been disguised.

note on it. (*He pointed to a note and date in his notebook.*) A worker could hurt himself on them, too.

CARTER: I wondered about that. I have never seen that happen since I have been here. You think they could be fixed, though?

PETER: Sure they can be fixed. It just takes time. But they get banged up again right away, and we can't keep a man on a job like that all the time.

CARTER: Of course not, Peter. I know your gang's got all they can take care of keeping our machines in repair, with the way our war production is wearing them out and no days off for you to get to them.

PETER: Well, we are darned busy and shorthanded, too. But we are in pretty good shape right now; if something new doesn't go wrong before the day is over. There's one machine that ought to be overhauled right now, but they say we can't stop it. . . . (*Pause*) Those boxes are getting pretty bad, though, and it looks like it will be a long time before the new ones get here, if ever. I'll make a note of it and see what can be done about it. (*He made a note in his notebook.*)

CARTER: Thanks, Peters. It would really be an improvement. It's a problem that's worried me for some time, but I just don't know the answer. Let me know if you find out some way to handle them, will you, please?

PETER: Yes, I'll do that, Richard. Don't know how soon, but I will look into it and let you know what I find out. Got to see about that other job now.

Richard felt that he had not accomplished anything because it sounded like the old routine: "Too busy, make a note, look into it." He decided that he had "messed up" the job and would have to find a new occasion for the next trial. He thought that it would be easier to work on one of the other men anyway.

Before the day was over, however, Peter came into Richard's office and said he had made inquiries about the crane boxes. He had found an outside contractor who could straighten out the worst ones, a few at a time. He was going to get the first batch over to the contractor as soon as the company truck was available. Richard thanked him and expressed his relief that the problem was solved or, at least, would be in the near future; to himself he wondered how long it would be before the boxes were on their way. He learned at the end of the month that every crane box in the plant had been repaired and that Peter had located some new boxes, which were already in use.

QUESTIONS

1. What do you think of the theory that "the way to get management's ideas carried out" is "to get employees to express their own ideas"? What should management do if and when employees, in expressing "their own ideas," give voice to ideas which are at variance with those of management?
2. Was Richard Carter sincere when he told Peter White, "It's a problem that's worried me for some time, but I just don't know the answer"? What difference, if any, would it make whether he were sincere or not?
3. Has Richard Carter found the answer to his problem? If so, what is it? If not, why not?

From *THE DISCOURSES**

by

NICCOLÒ MACHIAVELLI

WHOEVER DESIRES CONSTANT SUCCESS MUST CHANGE HIS CONDUCT WITH THE TIMES

I have often reflected that the causes of the success or failure of men depend upon their manner of suiting their conduct to the times. We see one man proceed in his actions with passion and impetuosity; and as in both the one and the other case men are apt to exceed the proper limits, not being able always to observe the just middle course, they are apt to err in both. But he errs least and will be most favored by fortune who suits his proceedings to the times, as I have said above, and always follows the impulses of his nature. Every one knows how Fabius Maximus conducted the war against Hannibal with extreme caution and circumspection, and with an utter absence of all impetuosity or Roman audacity. It was his good fortune that this mode of proceeding accorded perfectly with the times and circumstances. For Hannibal had arrived in Rome whilst still young and with his fortunes fresh; he had already twice routed the Romans, so that the republic was as it were deprived of her best troops, and greatly discouraged by her reverses. Rome could not therefore have been more favored by fortune, than to have a commander who by his extreme caution and the slowness of his movements kept the enemy at bay. At the same time, Fabius could not have found circumstances more favorable for his character and genius, to which fact he was indebted for his success and glory. And that this mode of proceeding was the result of his character and nature, and not a matter of choice, was shown on the occasion when Scipio wanted to take the same troops to Africa for the purpose of promptly terminating the war. Fabius most earnestly opposed this, like a man incapable of breaking from his accustomed ways and habits; so that, if he had been master, Hannibal would have remained in Italy, because Fabius failed to perceive that the times were changed. But Rome was a republic that produced citizens of various character and dispositions, such as Fabius, who was excellent at the time when it was desirable to protract the war, and Scipio, when

* Reprinted from *The Prince and The Discourses* ("Modern Library" ed.; New York, 1940), pp. 441–43, 470–82.

it became necessary to terminate it. It is this which assures to republics greater vitality and more enduring success than monarchies have; for the diversity of the genius of her citizens enables the republic better to accommodate herself to the changes of the times than can be done by a prince. For any man accustomed to a certain mode of proceeding will never change it, as we have said, and consequently when time and circumstances change, so that his ways are no longer in harmony with them, he must of necessity succumb. Pietro Soderini, whom we have mentioned several times already, was in all his actions governed by humanity and patience. He and his country prospered so long as the times favored this mode of proceeding; but when afterwards circumstances arose that demanded a course of conduct the opposite to that of patience and humanity, he was unfit for the occasion, and his own and his country's ruin were the consequence. Pope Julius II acted throughout the whole period of his pontificate with the impetuosity and passion natural to his character; and as the times and circumstances well accorded with this, he was successful in all his undertakings. But if the times had changed so that different counsels would have been required, he would unquestionably have been ruined, for he could not have changed his character or mode of action.

That we cannot thus change at will is due to two causes; the one is the impossibility of resisting the natural bent of our characters; and the other is the difficulty of persuading ourselves, after having been accustomed to success by a certain mode of proceeding, that any other can succeed as well. It is this that causes the varying success of a man; for the times change, but he does not change his mode of proceeding. The ruin of states is caused in like manner, as we have fully shown above, because they do not modify their institutions to suit the changes of the times. And such changes are more difficult and tardy in republics; for necessarily circumstances will occur that will unsettle the whole state, and when the change of proceeding of one man will not suffice for the occasion. . . .

Whether Gentle or Rigorous Measures Are Preferable in Governing the Multitude

Whilst the Roman republic was disturbed by the dissensions between the nobles and the people, a war occurred; and they sent their armies into the field under the command of Quintius and Appius Claudius. Appius, naturally cruel and rude in his mode of commanding, was badly obeyed by his troops; so that he had to fly from his province as though he had been beaten. Quintius, on the other hand, being of a gen-

tle and humane disposition, was cheerfully obeyed by his men, and returned to Rome victorious; whence it would seem that a multitude is more easily governed by humanity and gentleness than by haughtiness and cruelty. Nevertheless, Cornelius Tacitus (followed in this respect by many other writers) holds the opposite opinion, and says, "To govern the multitude, severity is worth more than gentleness." In attempting to reconcile these two opposite opinions, we must consider whether the people to be governed are your equals or your subjects. If they are your equals, then you cannot entirely depend upon rigorous measures, nor upon that severity which Tacitus recommends. And as the people of Rome divided the sovereignty with the nobles, any one who had temporarily become chief of the state could not rule them with harshness and cruelty. And we have frequently seen those Roman generals who made themselves beloved by their armies, and managed them with gentleness, obtain more success than those who made themselves feared in an extraordinary manner, unless the latter were gifted with uncommon virtues, as was the case with Manlius Torquatus. But he who was to command subjects, such as Tacitus speaks of, should employ severity rather than gentleness, lest these subjects should become insolent, and trample his authority under foot, because of too great indulgence. This severity, however, should be employed with moderation, so as to avoid making yourself odious, for no prince is ever benefited by making himself hated. And the best way not to excite such hatred is to respect the property of the subjects; as to their lives, no prince ever desires those, unless secretly animated by the spirit of rapine. But when influenced by that spirit, bloodshed will ever occur; and in that case the desire and pretexts for it will not be wanting, as I have elsewhere demonstrated at length. Thus, Quintius was more entitled to praise than Appius; and the judgment of Tacitus can be approved only when confined within just limits, and not applied in the manner of Appius. Having spoken of the effects of severity and gentleness, it seems to me not superfluous to show how an act of humanity had more influence with the Faliscians than the power of arms.

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AN ACT OF HUMANITY PREVAILED MORE WITH THE FALISCIANS THAN ALL THE POWER OF ROME

Camillus was besieging the city of the Faliscians, and had surrounded it, when a teacher charged with the education of the children of some of the noblest families of that city, for the purpose of ingratiating himself with Camillus and the Romans, led these children, on pre-

tence of making them take exercise, into the Roman camp; and presenting them to Camillus, said to him, "By means of these children as hostages, you will be able to compel the city to surrender." Camillus not only declined the offer, but had the teacher stripped and his hands tied behind his back, and then had a rod put into the hands of each of the children wherewith he directed them to whip him all the way back to the city. Upon learning this fact, the citizens of Faliscia were so much touched by the humanity and integrity of Camillus, that they surrendered the place to him without any further defence. This example shows that an act of humanity and benevolence will at all times have more influence over the minds of men than violence and ferocity. It also proves that provinces and cities which no armies and no engines of war, nor any other efforts of human power, could conquer, have yielded to an act of humanity, benevolence, chastity, or generosity. History furnishes many other instances of this besides the one just cited. It tells us how the Roman arms could not drive Pyrrhus out of Italy, but that the magnanimity of Fabricius in making known to him the offer of his confidential servant to poison him caused Pyrrhus to leave it voluntarily. It also shows us that the taking of New Carthage, in Spain, did not give Scipio Africanus so much reputation as the example of chastity which he gave in restoring intact to her husband a young and beautiful wife, whose honor he had respected; which act gained him the hearts of all Spain. History also shows us how much the people desire to find such virtues in great men, and how much they are extolled by historians and biographers of princes, and by those who trace their proper course of conduct. Amongst these, Xenophon takes great pains to show how many victories, how much honor and fame, Cyrus gained by his humanity and affability, and by his not having exhibited a single instance of pride, cruelty, or luxuriousness, nor of any other of the vices that are apt to stain the lives of men. And yet we see that Hannibal, by following the very opposite course, achieved also great fame and great victories; it seems to me well, therefore, to discuss the causes of this in the following chapter.

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WHY HANNIBAL BY A COURSE OF CONDUCT THE VERY OPPOSITE OF THAT OF SCIPIO YET ACHIEVED THE SAME SUCCESS IN ITALY AS THE LATTER DID IN SPAIN

I think it astonishing to see some generals achieve by the very opposite course of conduct the same results that have been attained by

those who have conformed to the rules we have recommended above. This would make it seem that victories do not depend upon one or the other course of conduct, and that the virtues which we have extolled in the preceding chapter do not render you more happy nor more powerful, inasmuch as both glory and reputation are often acquired by the very opposite means. Let us return to the case of the two above-named generals for the purpose of better illustrating my idea. Scipio, from the moment he entered Spain, gained the affection and respect of the people of that province by his humanity and benevolence. Hannibal, on the contrary, conducted himself in Italy with violence, cruelty, rapine, and every kind of perfidy. Yet he obtained the same success that Scipio had in Spain. For nearly all the cities of Italy, and entire populations, revolted in his favor. In seeking for the causes of this difference, we find several. The first is the love of novelty, which manifests itself equally in those who are well off and in those who are not. For, as we have said elsewhere, and with truth, men get tired of prosperity, just as they are afflicted by the reverse. This love of change, then, so to speak, opens the way to every one who takes the lead in any innovation in any country. If he is a stranger they run after him, and if he is of the country they surround him, increase his influence, and favor him in every way; so that, whatever his mode of proceeding and conduct may be, he will succeed in making rapid progress. In the second place, men are prompted in their actions by two main motives, namely, love and fear; so that he who makes himself beloved will have as much influence as he who makes himself feared, although generally he who makes himself feared will be more readily followed and obeyed than he who makes himself beloved. It matters little, therefore, to any general by which of these two systems he proceeds, provided he be a man of sufficient courage and ability to have made a great reputation for himself. For when this is as great as was the case with Hannibal and Scipio, it cancels all the errors which a general may commit, either by an excess of gentleness or by too great severity. Either of these extremes may be productive of great evils, that will be apt to prove ruinous to a prince; for he who carries too far the desire to make himself beloved will soon become contemned, if he deviates in the slightest degree from the true path; and the other, who aims at making himself feared, will make himself hated, if he goes in the least degree too far; and our nature does not permit us always to keep the just middle course. Either extreme, therefore, must be compensated for by some extraordinary merits, such as those of Hannibal

and Scipio; and yet we see how the conduct of both of these brought them disgrace as well as the highest success.

Of their successes we have already spoken; let us look now at the misfortunes which they experienced. That of Scipio occurred when his soldiers combined with some of his allies and revolted, for which there was no other cause than that they did not fear him. For men are so restless that the slightest opening for their ambition causes them quickly to forget all the affection for him with which the humanity of the prince had inspired them. This was the case with the soldiers and allies of Scipio; so that to arrest the evil he was obliged to adopt measures of the extremest severity, which until then he had so carefully avoided. As to Hannibal, there is no particular instance where his cruelty and perfidy caused him any immediate injury; but we may well presume that Naples and many other cities remained faithful to Rome solely from fear of Hannibal's cruelty. This much is certain, that his ferocity made him more hated by the Roman people than any other enemy which that republic ever had. So that whilst they informed Pyrrhus, even whilst he was still in Italy with his army, of the offer made to them by his physician to poison him, yet they never forgave Hannibal; and, though disarmed and a fugitive, they pursued him so relentlessly that he killed himself to avoid falling into their hands. But if the impiousness, perfidy, and cruelty of Hannibal had such disastrous consequences for him in the end, he had on the other hand a very great advantage from it, and which has excited the admiration of all the historians; namely, that in his army, although composed of men of so many different nations, there never occurred any dissensions amongst themselves, or any sedition against him. This could only be ascribed to the terror which he personally inspired, and which was so great that, combined with his high reputation for courage and ability, it kept his soldiers quiet and united.

I conclude, then, that it matters little whether a general adopts the one or the other course, provided he be possessed of such high ability as to enable him to achieve success by either line of conduct; for, as has been said, both have their defects and their dangers, unless compensated for by extraordinary talent and courage. Having shown that Scipio and Hannibal, the one by most praiseworthy and the other by most detestable conduct, attained the same results, I think I ought not to omit speaking also of two other Roman citizens who acquired equal glory by different methods, though both most praiseworthy.

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How Manlius Torquatus by Harshness, and Valerius Corvinus by Gentleness, Acquired Equal Glory

There were in Rome at the same time two distinguished generals, Manlius Torquatus and Valerius Corvinus. Equals in bravery, triumphs, and reputation, they achieved these advantages, so far as the enemy was concerned, by the same merits and conduct; but as regards their armies, and the treatment of their men, their manner differed widely. Manlius commanded with the utmost severity, and subjected his soldiers without intermission to great labor and fatigue. Valerius, on the other hand, treated his soldiers with the highest degree of humanity and affability. Thus the one, by way of securing the obedience of his troops, had his own son put to death, whilst the other never injured any one. Nevertheless, with such difference of manner, both obtained the same success against the enemy and in favor of the republic, as well as in their own interests. For no soldier ever resisted their orders to fight, or ever rebelled against them, or in the slightest way opposed their will; although Manlius commanded with such harshness, that the Romans gave the name of "Manlian decrees" to all such as exceeded the ordinary severity. We have to examine now, first, whence it came that Manlius deemed it necessary to be so rigid, whilst Valerius was so humane; and, next, how it was that both these opposite methods produced the same effect; and, finally, which of the two it is best and most advantageous to imitate.

If we carefully consider the character of Manlius from the time that Titus Livius first begins to mention him, we shall find that he was a man of exceeding courage, devoted to his father and to his country, and most respectful to his superiors. These things we know from his defence of his father against a Tribune; from his single combat with a Gaul, whom he slew; and from the words which he addressed to the Consul before engaging in that combat: "I will never fight against the enemy without your orders, not even if I were perfectly certain of victory." When a man of this character comes to command, he desires to have all men like himself; his vigorous character is reproduced in his orders; and these once given, he will require their strict observance. For it is a certain rule, that he who gives severe orders must see them executed with severity, otherwise he will find himself deceived. And here we may note that he who wishes to be obeyed must know how to command; and those give proof of knowing this who properly estimate their own strength with reference to that of those who have to obey, and who

commands only when he finds them to bear a proper proportion to each other, and who abstains from commanding when that proportion is wanting. And therefore it was said by a wise man, that to hold the government of a republic by violence, it was necessary that there should be a proper proportion between him who holds by force and those whom he thus subjects to his controls. And whenever that just proportion exists, he may expect his tenure of power to be enduring. But when the oppressed is more powerful than the oppressor, then the latter will daily have occasion to fear his overthrow.

But to return to our subject, I say that to give vigorous orders requires a vigorous mind; and he who has that strength of mind, and commands, cannot enforce the execution of his orders by gentle means. And he who lacks such vigor of mind must be careful not to order anything extraordinary; but in ordinary matters he may act with his natural gentleness, for ordinary punishments are not imputed to the prince, but to the laws and to the necessity of preserving order. We must believe then that Manlius was constrained to the exercise of so much rigor by the excessive severity of his orders, to which he was impelled by his natural character. Such severity is useful in a republic, because it brings her back to her first principles, and to her ancient virtue. A republic would be perpetual that has the good fortune often to find men who by their example restore the laws to their original purity and force, (as we have said elsewhere,) and not only prevent her from falling into decadence, but rather carry her in the opposite direction. Thus Manlius was one of those who by the strictness of his commands kept up the military discipline in Rome; constrained to this, first by his natural character, and next by the desire for the strict observance of those orders which his innate temperament had caused him to issue. Valerius, on the other hand, was able to act according to his naturally gentle and humane character, for he asked nothing more of his troops than a compliance with those duties to which the Roman armies were accustomed. The enforcement of this disciple, being wisely regulated, and not being made onerous to the soldiers, sufficed to make him honored; so that Valerius had no occasion to punish, as there were none that transgressed this discipline; and if perchance there had been any, they would have imputed their punishment (as has been said) to the established regulations, and not to the cruelty of their chief. Valerius was thus enabled to indulge the promptings of his natural humanity, by which he secured the contentment and good will of his soldiers. Thus these two generals, being

equally obeyed, achieved the same results by two entirely different methods. Those who attempt to imitate them expose themselves to contempt and hatred, which can only be avoided by the possession of extraordinary merits, as I have said when speaking of Hannibal and Scipio.

It remains for us now to examine which of these two methods is the best, and this I believe to be a debatable question, for both have been equally praised by the writers. Nevertheless, those who have written on the subject of the proper conduct of princes incline more to the method of Valerius than to that of Manlius; and Xenophon, whom I have already quoted, in relating several instances of the humanity of Cyrus, speaks of him very much as Titus Livius does of Valerius. When this distinguished Roman was named Consul and marched against the Samnites, he addressed his soldiers on the eve of battle in the same spirit of humanity that characterized all his acts. After reporting his address, Titus Livius says: "No other general was ever more familiar with his soldiers; he cheerfully shared all the fatigues with the lowest of his men. In the various military games, such as contests of strength or speed, he never objected to measuring himself with the first that offered; and whether victorious or defeated, he ever preserved the same countenance and the same affability. In his actions he was ever courteous and benign, and in speech, ever as mindful of the liberty of others as of his own dignity. In the exercise of the magistratures he was the same as when a solicitant for them, which best characterizes the true friend of a popular government." Titus Livius speaks no less honorably of Manlius, and shows that his severity in having his own son put to death rendered the army so obedient to him, that it enabled him to achieve the victory over the Latians; and he goes on to praise him to that degree, that, after having related all the particulars of the battle, and the difficulties and perils which the Roman troops had to encounter in the achievement of that victory, he concludes by attributing it exclusively to the valor of Manlius. And in comparing the forces of the Roman armies, he affirms again that the victory had been assured by that portion which was commanded by Manlius. Thus, in examining all that writers have said upon the subject of our discourse, it is difficult to arrive at a precise judgment. Nevertheless, so as not to leave the matter undecided, I say that the conduct of Manlius is more praiseworthy and less perilous for a citizen who lives under the laws of a republic; inasmuch as it operates entirely for the benefit of the state, and can never favor private ambition. For by such conduct a man can never create any partisans for himself; severe

towards everybody, and devoted only to the public good, a commander by such means will never gain any particular friends, such as we have called partisans. Thus this course of conduct can only be of the greatest benefit and value in a republic, as it looks only to the public good, and is in no way open to the suspicion of individual usurpation. But with the system of Valerius, quite the contrary is the case; for although it produces the same effect, so far as the public service is concerned, yet it is calculated to inspire doubts and mistrust, on account of the special devotion of the soldiers to their chief to which it will give rise, and which might be productive of bad effects against the public liberty, in case of his being continued in command for any length of time. And if no such evil results were caused by the humane conduct of Valerius Publicola, it must be attributed to the fact, that the minds of the Romans were not yet corrupt, and that he did not remain in continuous command for any great length of time.

But if the question were with regard to a prince, as Xenophon treats it, then we should in all respects take Valerius for a model, and not Manlius; for a prince should aim at having the obedience and affection of his soldiers, as well as of his subjects. His strict observance of the laws will insure him obedience and the reputation of being virtuous; and his affability, humanity, and benevolence, and the other good qualities of Valerius, and of those which Xenophon praise in Cyrus, will make him beloved. For the affections of the people for a prince, and the devotion to him of the army, accord perfectly well with all the other interests of the state. But in a republic, the exclusive devotion of the army to its chief does not accord with the other institutions, which oblige him to observe the laws and obey the civil magistrates. We read in the ancient history of the Venetian republic, that, on one occasion when their galleys returned to the city, a quarrel occurred between the sailors and the people, which increased to a tumult and a resort to arms. Neither the public force, nor the respect for the principal citizen, nor the fear of the magistrates, could quell this disturbance; but the sudden appearance of a gentleman who the year before had commanded these mariners, and had won their affection, caused them to desist from the fight and to depart. The prompt submission of the sailors to this gentleman excited the suspicions of the Senate to that degree, that they deemed it well to assure themselves of him by imprisonment and death.

I conclude, then, that the character and conduct of Valerius is advantageous in a prince, but pernicious in a citizen, not only as regards

his country, but also in regard to himself; pernicious for the state, because they prepare the way for a tyranny; and for himself, because in rendering him suspect to his fellow-citizens, it constrains them to take precautions against him that will prove detrimental to him. And, on the other hand, I affirm that the severity of Manlius is dangerous to the interests of a prince, but favorable to a citizen, and above all to the country. And it seldom turns to his prejudice, unless the hatred which it excites should be embittered by the suspicions which his great reputation and other virtues may inspire. . . .

PEALE MANUFACTURING COMPANY*

On January 24, 1945, the day Mr. Lehman,[1] supervisor of the order division of the Peale Manufacturing Company, was leaving town for an extended business trip, Mr. Gates, general office manager, called him into his office and the following conversation took place.

MR. GATES: Didn't I tell you to talk to those two girls about getting to work on time and not going out all the time for coffee? I guess I'm just going to have to clamp down on the whole office. Tell them if they don't do better in the future we're going to have to fire them. We can still get people who will obey the rules. They both got raises just recently. Who do they think they are, anyway?

MR. LEHMAN: Say, what's been going on? I don't even know what you are talking about.

MR. GATES: You know what I'm talking about—those two women, Hilton and Carey. I saw them come into the corner restaurant again this morning at 8:30 and they hadn't left at 8:40 when I left to come to work. They couldn't have gotten to work before 9 o'clock. Then at 11 o'clock they were back down there for coffee. They're just going to have to cut it out, that's all. Other people have noticed it as well. Turnbridge [assistant treasurer] mentioned it to me the other day. Why didn't you talk to them like I told you to?

MR. LEHMAN: Now, take it easy, Fred. Right after you told me about it that day I talked the whole thing over with Hines, and he talked to the two girls. He reported back to me that he had, and they had agreed that they would do better in the future.

MR. GATES: Well, they aren't doing it. We just gave them increases and that's the way they show their appreciation. If they can't do better than that we'll just have to fire them, that's all. What's the matter with Hilton, anyway? She says she wants more responsibility. Well, we give it to her, and then she comes in late every morning and drinks coffee all the time.

MR. LEHMAN: Well, Fred, you'll have to admit that we don't set a very good example for them ourselves. There's always a bunch of

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[1] All names have been disguised.

supervisors standing in that cigarette line downstairs until almost 9 o'clock. And there are plenty of people going out for coffee all the time.

MR. GATES: That's not the point. You can't get cigarettes at all unless you stand in that line. It's all right to go out for coffee occasionally. But those two girls are always out together, and they abuse the privileges. They drive to work every morning and then get into the restaurant after 8:30 and eat breakfast. It has to stop.

MR. LEHMAN: Well, we'll talk with them again. The discipline of the whole office on these points is not too good, but we certainly don't want our department standing out as the worst of the bunch. The fact that they go out together makes it more conspicuous, I know. I'm leaving town today, but I'll talk with them personally. I'll talk with them this afternoon and let you know before I leave.

MR. GATES: O.K. Make it good. We have to put a stop to this abuse somehow, or just refuse to let anyone go out for coffee. It's always the violators that make it hard on everybody else.

As soon as Mr. Lehman returned to his office, he called in Mr. Hines, the supervisor of the two girls, and explained the situation to him. This was the second time that Mr. Gates had called this trouble to Mr. Lehman's attention. After some discussion, they decided that the best thing to do was to call the two women to the division's conference room and talk with them.

The following conversation took place after Mr. Lehman, Mr. Hines, Mrs. Hilton, and Mrs. Carey had assembled.

MR. LEHMAN: I hate to bring up a complaint on the last day before I go out of town, but I have just returned from Mr. Gates's office, and he has complained again about you two girls arriving late to work in the morning and also about you taking so much time off to get coffee. He stated that he has seen you in the corner restaurant after 8:30 several times and that you always seem to be there together for a cup of coffee every time he stops in there. I believe Mr. Hines talked to you some time ago about this. What do you think we ought to do about it?

MRS. HILTON: Yes, he talked to us before about it. We have been trying to watch it since then. We thought we were doing much better. It is hard to get to work on time these winter mornings, and we do like to go down occasionally for a cup of coffee. Everyone else does it. Why shouldn't we?

MR. LEHMAN: Yes, you're right. Everyone else does it, and I believe you will agree that the company has a very liberal attitude in regard to getting to work on time and going out of the office occasionally for a cup of coffee or a coke. But if we abuse these privileges, it will be necessary for Mr. Gates to put more stringent rules into effect and we will all suffer. Don't you think there is some way you can work it out so that you two will not be so conspicuous when you step out occasionally? Isn't it possible for both of you to get to work on time so that stepping out once in a while won't be so objectionable?

MRS. HILTON: All the other girls do it. They go out for a smoke all the time. Most of them go over to the washroom, but it's always so crowded there we'd rather go down to the restaurant.

MR. LEHMAN: Part of the trouble is that you two are always seen together. That makes you all the more conspicuous. Why don't you split up when you go out, or go some other place? Mrs. Hilton, you have talked to me quite often about wanting more responsibility in the department. We can't possibly get this for you if you impress the office manager unfavorably as you have done in the past.

MRS. HILTON: I know that's right. Well, what do you want us to do? Stop going out altogether?

MR. LEHMAN: Mrs. Carey, what do you think you should do?

MRS. CAREY: Well, I don't know. It seems to me we don't abuse the regulations any more than anyone else does. But, still, we think the company is certainly generous enough, and we don't want to get into any trouble.

MR. LEHMAN: You can see the way things stand right now. Both of you have been commented on by Mr. Gates and Mr. Turnbridge. They are the two men who have to approve all changes in jobs and all rate changes. It certainly is not smart to have those two fellows down on you.

MRS. HILTON: Well, I suppose we can go some place else and maybe not go out so often—at least, not together. We want to do what's right, and I certainly don't want to do anything that would hinder my chances for further promotion. Suppose we sort of lay low for a while until they forget about it.

MR. LEHMAN: And what about getting to work a little more promptly? I know all of us are lax in getting here on time, but since

the finger is on you, how about seeing if you can't do a little better than you've been doing lately?

MRS. HILTON: O.K., but you know I have three kids to get off to school before I can leave. It's awfully hard for me to get here on time all the time, what with snowstorms tying everything up or something happening to the car.

MR. LEHMAN: Well, I'll leave it up to you two. I know you are both anxious to get ahead. You know just what comment has been caused by your trips out occasionally. You have been talked to twice about it. If there isn't an immediate improvement in the mind of Mr. Gates, I'm not sure what steps he'll take. We surely wouldn't want him to take any action that would hurt the whole office just on account of us, would we? (*Pause*) George, what do you think is the best thing to do?

MR. HINES: Well, I think you've outlined the situation very well. I think the girls are attracting a lot of attention by going out together all the time. All of us have been lax about coming in on time, and I'll work with the whole division to see that we put on a drive to get to work more promptly. I think that they shouldn't go out so often for a while and should not go out together. Then they wouldn't cause so much unfavorable comment.

MR. LEHMAN: Well, it's up to the girls. I'm leaving tonight so won't hear anything more about it. If Gates has to bring it up again, he'll undoubtedly call you down, George, and I know you'll do whatever he suggests at that time. See if you two girls can stay out of trouble until I come back. I'll see you again to say good-by before I leave tonight.

Mr. Lehman then called Mr. Gates and told him that he and Mr. Hines had talked to the girls again and that he was sure that there would be an immediate improvement. He asked him to be sure to call Mr. Hines if there was any further trouble. Mr. Gates said, "You bet I will."

The Peale Manufacturing Company was a large company, employing about 300 people in its general offices which were located on the fifteenth, sixteenth, and seventeenth floors of a large building in the downtown section of a midwestern city. The company's plants were located in several parts of the country.

Mr. Gates was office manager for the general offices, and as such had control over personnel procedures for all clerical workers employed

there. He had charge of hiring and firing male and female clerks and was responsible for establishing and maintaining general rules of office discipline. However, ordinary interpretation of these rules and disciplining of clerks under them was handled by the individual division and section supervisors.

George Hines was in charge of one pricing section of the order division. He started work with the Peale company in 1935 in the production department. After working in this department for about two years, he requested a transfer to clerical work. He was interviewed for a job in the plant service department, which handled customers' orders and the scheduling of production, and he was given a job pricing orders. In 1940, when a new plant was opened in another state, Mr. Hines was transferred to that plant and placed in charge of order pricing there. Two years later, when the order pricing function of all plants was consolidated in the general office, Mr. Hines was transferred to that office to take charge of pricing for the entire company. When he was organizing this function, Mr. Gates hired Mrs. Hilton and two other pricing clerks for him. About a year later when an opening occurred, Mrs. Carey was hired. Although Mr. Hines got along fairly well with his workers, who numbered 20 women and one man, in 1945, he had the reputation of being impatient and short-tempered. He "kidded" his workers a great deal and usually got a large quantity of work from them, but he was considered lax at times in enforcing discipline.

Mrs. Hilton, about 40 years of age, was the mother of three children, aged 8, 11, and 13. Her husband had a job with a local electric light company. The Hilton family lived with Mrs. Hilton's mother, who took care of the children so that Mrs. Hilton could work. She had worked with the company for nearly three years in the order division on pricing work. She received a $15 increase on January 1, 1945. At that time she was told that she was doing satisfactory work but that she had a quick temper that frequently got her in trouble with her associates and that she often disturbed other members of the department by talking too much and too loudly. At the time she received this increase she was made senior clerk in the pricing section. This position gave her a wage differential over the other pricing clerks. She had additional responsibility in that the other clerks had to see her on all questions concerning their jobs so far as procedure and carrying out of assignments were concerned. On all other questions, such as salary matters, they continued to contact Mr. Hines. This change in the assignment of supervisory

functions in the pricing section reflected its rapid growth and was typical of steps that were being taken in many sections of the general office to relieve supervisors of the routine work that had grown tremendously in volume.

Mrs. Hilton was an ambitious worker, was trying to get ahead financially, and wanted additional responsibility. She took her work seriously and resented the indifferent attitude of many of the younger girls. She did not like keeping house or taking care of children and planned to continue to work after the war, as long as her mother could take care of the children or until she could make other arrangements.

Mrs. Carey was about 30 years of age, and her husband was in the army overseas. At the time he was taken into the services, about two years before, she got a job in the pricing section of the order division. She lived in an apartment by herself and was planning on working only as long as her husband was in the army. She did a good job on pricing of orders and got along well with other members of the department. She had been given a raise on January 1, 1945. As explained above, she reported directly to Mr. Hines, but took questions having to do with procedures to Mrs. Hilton for consultation. It was Mrs. Hilton's responsibility to take up such questions with Mr. Hines, if the two women could not work out a satisfactory answer.

Office rules did not permit women to smoke in the office but did not prevent them from leaving the office to do so, although no space was provided for this purpose.

Some time later the following notice was posted:

March 23, 1945

To: ALL GENERAL OFFICE EMPLOYEES

The coffee drinking habit is rapidly becoming an obsession with certain of our employees. In order to be fair to everyone who makes discriminate use of this habit we do not as yet want to stop the privilege of going downstairs for coffee.

We expect employees to start work at 8:30 in the morning which means that they come ready for work, having had their breakfast, etc. Consequently, there is no excuse for drinking coffee a half hour after starting to work at 8:30 in the morning.

A reasonable basis for this privilege is as follows:

1. No one should go down for coffee before 9:30 in the morning.
2. At no time should groups from the same department or division leave the office together as this would seriously disrupt the work.

3. At no time should anyone stay longer than 15 minutes.
4. It is entirely unnecessary to leave the office for coffee or any other beverage more than once a day.

The above simple rules should be clear to everyone and it is hoped that they will be understood and followed in the light they are given. It is hoped that all of us realize the situation which has unconsciously reached a point where the above measures become necessary. If, in the future, the above rules are ignored this privilege will have to be canceled altogether and, as usual, the abuse of a privilege by a few will result in everyone being penalized.

Your understanding and wholehearted co-operation is therefore expected.

L. L. GATES
General Office Manager

QUESTIONS

1. Why, do you suppose, were Turnbridge and Gates so concerned about the behavior of "those two women, Hilton and Carey"?
2. To what extent, if at all, was the fact that the two women had just received raises relevant to the issue?
3. What difference did it make, in your opinion, whether employees stood in line for cigarettes or spent the same time in a restaurant?
4. What do you think of the interview between Gates and Lehman? Should Lehman have said anything other than what he said?
5. What do you make of the fact that Gates and Lehman thought people should not go out for coffee *together?*
6. What do you think of Lehman's interview with the two women? What would you, in his position, have said or refrained from saying? Why?
7. What, specifically, were Mrs. Hilton's job responsibilities? What bearing, if any, did those responsibilities have on the matter of going out for coffee?
8. Why, do you think, did the employees go out for coffee? Should management concern itself with this question?
9. What bearing, if any, did each of the following have on the practice of going out for coffee:
   a) Three hundred employees located on the fifteenth, sixteenth, and seventeenth floors of a large building?
   b) "Everybody else does it"?
   c) Mrs. Hilton had three children to get off to school?
   d) Transportation difficulties during the winter months?
   e) Mr. Hines's section usually turned out a large quantity of work?
   f) Women were not permitted to smoke in the office, but no facilities were provided for this purpose?
   g) No definite rules had been established about going out for coffee?

b) Gates hired and fired all clerks and was responsible for establishing rules of office discipline; clerks "reported" to division section supervisors who interpreted rules, but took questions on procedure to senior clerks like Mrs. Hilton, while salary increases and promotions were taken up with division supervisors and approved by Gates and Turnbridge?

10. Is it possible that going out for coffee together may have contributed to work efficiency in the office? If so, why? If not, should it be allowed at all?
11. Considering the facts in the case, what do you think of the notice that Gates posted? What do you think the employees will probably do? What does this notice reveal to you about Gates's concepts of administration?
12. Had you been in Gates's position, what would you have done about the "excessive" coffee drinking?
13. If you were the company's vice-president in charge of sales, what, if anything, would you do after you saw this notice on a bulletin board? What, if anything, would you do if you were the president of the company?

From *THE MORAL DECISION**

by

EDMOND CAHN

Though . . . [men] may blunder and falter on the way, as long as they live the capacity remains with them to create moral standards superior to those their fathers evolved. In the annals of our species, it has never been enough simply to stand still and cling to the past. The prophets of past ages deserve honor precisely because they surpassed their predecessors in applying the moral constitution to the problems and conflicts of the cultures in which they lived. The moral evolution they carried forward acknowledges no line at which to halt. Everything we have learned from the ancients needs to be refined through modern experience and employed toward producing still better moral decisions. In certain respects the sciences of man and society have advanced beyond anything the classic prophets could have known; the ends and purposes which a modern community conceives for itself have expanded in a magnificent arc; the duty thus becomes manifest to evolve wiser moral legislation and make use of the past advisedly as a means of pressing beyond it. Meanwhile, the moral constitution abides with each of us to assist in determining whether any new departure we contemplate will probably cause an advance or a loss of ground.

. . . Arithmetic and statistics will furnish little guidance. In the realm of morals, it is rare that an authentically decisive factor can be reduced to measurement or quantity. Yet many of our contemporaries, intoxicated with statistics, believe that progress is impossible in any endeavor without the use of numbers, quantities, and graphs. In this they are badly confused.

For the truth is precisely opposite. The moral commonwealth deserves our reverence for remaining as free as it is from quantification. It has refused to surrender its concern with quality for a mass of arith-

*Bloomington: Indiana University Press, 1955, pp. 314-15. Reproduced by permission.

metical pottage and, by refusing, it has saved the individual human spirit from dissolving into the conglomerate mass. In morals, there is no basis for saying that ten good decisions are worth ten times as much as one. What is one good decision worth? It may be transient and ineffectual; or it may be so charged with inspiration that it reaches the loftiest moral plane. The test of moral value will always be qualitative. When, for example, any human being, however obscure, decides to follow the more benevolent of the courses presented before him, the dynamic good in his choice explodes and penetrates through all the communities of men. By merely seeking to ascertain what is righteous we can bring the quality into existence, where it persists until we learn, as we may, to form still more humane decisions.

It is of the nature of righteous judgment that the judge should aspire to see his own wisdom transcended by those who come after him. With the advantage of further observation and experience, our successors can be counted on to surpass and supersede the moral decisions established in our time. . . . The task will never be complete. Yet daily it summons every human being to join in creating the happier world of justice, kindness, and compassion.

THE PROMETHEUS MINE*

The Prometheus Mine[1] was located in a very remote part of one of the mountain states. Because of its remoteness it had been necessary to build a "company town." In this "company town" homes were provided for all employees of the company. In the residential district, the homes of the mine executives and the supervisors were clustered in one corner; the homes for the miners occupied another sightly spot on company land. Each of the homes was distinctive and employees were free to select the color of their houses and otherwise to modify the homes to suit their own individual tastes and preferences. The company had built a school building, but the school itself was under the supervision of state education authorities. The company had also built various stores and a post office. Moreover, the company had built three churches, but it exercised no control over the selection of the ministers of the three denominations represented. They were chosen in the manner usual to the respective denominations. The nearest small town, with a population of about 5,000, was about 20 miles away; the nearest town of considerable size, a city of 50,000 people, was about 100 miles away.

More than 30 years earlier, the Prometheus Mine had been the site of bitter labor-management disputes. These disputes had led to considerable violence and several people had been killed. Ultimately, these disputes had been resolved, and the company had entered into a "closed shop" agreement with a national union. At about this same time, the safety record of the Prometheus Mine had been one of the worst in the country. There had never been any major single disaster, but many individuals had been injured seriously and a number of men had been killed in and about the mine. However, in more than a decade prior to 1950, not a single man-day of work had been lost due to work stoppage of any kind; and in the eighteen months prior to August, 1951, not a single man-day had been lost due to an accident in the mine. There had been no fatal casualties in over five years.

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[1]All names have been disguised.

The nature of operations at the Prometheus Mine, as in all mines, offered many opportunities for accidents. A good bit of the mine was dug into solid granite, and mining operations involved considerable blasting, drilling, and cutting of the solid rock. Inside the mine there were about twenty miles of narrow-gauge railroad track, over which trainloads of ore were brought out of the mine to the processing mill. These trains were made up of from sixteen to twenty cars, each of which contained about six to eight tons of ore. The clearances in the mine's tunnels on either side of the cars were only a couple of feet, and the overhead clearance was in many cases less than a foot. Where operations were taking place, the tunnels were usually quite noisy. In the processing mill itself, the rock—sometimes coming from the mine in chunks as large as pianos—was reduced to a dust and various ores were extracted by various methods. About a mile from the center of the company town, there was a large dump of high explosives. At any one time the company had in storage in this dump upwards of 2,000 tons of high explosives. The annual consumption of explosives was several times that figure.

Just before World War II, the company had sent to the Prometheus Mine a new superintendent, Albert Wriston. Mr. Wriston had been in the company's employ for many years and had had considerable experience in mining operations in various parts of the world. After coming to the Prometheus Mine, Wriston had acquired the firm reputation in the minds of the people at the mine of being vitally interested in the matter of safety. Over the years he had often delivered many impromptu "lectures" on safety to men at all supervisory levels. He had, also, often spoken to the miners about the importance of safety practices. He had tried to bring home to them the inherent dangers in the nature of the mine and the work in which they were engaged.

Wriston had set forth a number of rules concerning safety. These rules concerned many operations such as blasting, drilling, loading, running of the ore trains, and the use of safety equipment and clothing. Infraction of some of these rules, especially those concerning the use of explosives, carried the penalty of immediate dismissal.

The mine provided the men with safety shoes, safety helmets, goggles, and other safety equipment as needed. All through the mine, the mill, the offices, and scattered through the town there were posters, placards, signs, and exhibits relating to safety. Some of them carried

slogans. Some presented statistics comparing the safety record of the mine to that of other mines, and to various safety statistics published by government agencies. Some of the exhibits contained goggles which had been shattered along with a "testimonial" signed by the man who had been wearing them at the time—"I'm sure glad I had my goggles on!" Other exhibits contained safety shoes which had been smashed, helmets which had been dented, and the like with similiar "testimonials." The company had never employed a safety director nor had it ever employed a personnel officer.

Inside the mine, the actual mining operations were something as follows: At each of several levels, a system of several "tunnels" had been excavated. These are as shown in Exhibit 1 and are indicated by the numbers 1 through 6. Most of the actual mining operations proper were done in transverse "galleries" which intersected these tunnels at angles of about 90°. The galleries leading off tunnel No. 1 are lettered A through F. The transverse galleries were located about 100 feet or more apart. At the ends, on the sides and above these galleries, the blasting and drilling operations necessary to drill out the rock were carried on. Thus, blasting and drilling took place at points such as at the ends of D-1, D-2, E-1 and E-2, etc. From the galleries, the rock was then transported by portable powered conveyors to the tunnels, such as No. 1, where it was loaded onto dump cars. When a trainload of cars was filled, it was then hauled by electric engine to the mouth of the mine tunnel and conveyed to the mill.

Blasting was always done by teams of two men. When a team of blasters had prepared a charge, for instance, at the end of gallery E-1, they then withdrew to the tunnel and stationed themselves on either side of the opening of the transverse gallery they were blasting in, at points X and Y, for example. It was a firm rule that the blasters were not to permit anyone to go between the points at which they had stationed themselves and the mouth of the transverse gallery where they were blasting.[2] That is, no one was to be permitted to be in the area in the tunnel between X and the mouth of gallery E-1, or between Y and the mouth of gallery E-1 at the time of the blasting. Blasters were also responsible for seeing that no one was in the other side of the gallery across the tunnel, such as at E-2. It had been long estab-

[2]State laws governing mine operations explicitly prohibited reliance upon, and in some cases use of, mechanical warning devices.

lished that the violation of the two rules would result in immediate dismissal.

Blasters at the Prometheus Mine were among the most highly skilled workers and were among the highest paid. The annual income of an experienced blaster at the Prometheus Mine was about $8,000 a year. Experienced and skilled blasters were not very numerous. The Prometheus Mine had, itself, trained several of its most experienced blasters; others had come from other mines.

While working inside the mine, blasters were under the line direction of the foreman of the level in which they were working. The level foreman was fully responsible for all operations on his level. His responsibilities included such matters as production, cost, and safety. Engineering for the whole mine was the responsibility of the chief engineer. To some extent blasters also took orders from the subforeman of the particular tunnel in which they were working. While working inside the mine, blasters received only technical assistance and guidance from the head blaster.

One of these teams of blasters was made up of Nils Jensen and Peter Kovici. Nils Jensen was about 50 years old. He had worked in mines from the time he was a young man. In the summer of 1951, he had two sons working in the mine. The younger was a student in the high school in the company town; the older was studying mining engineering in a state university in another mountain state.

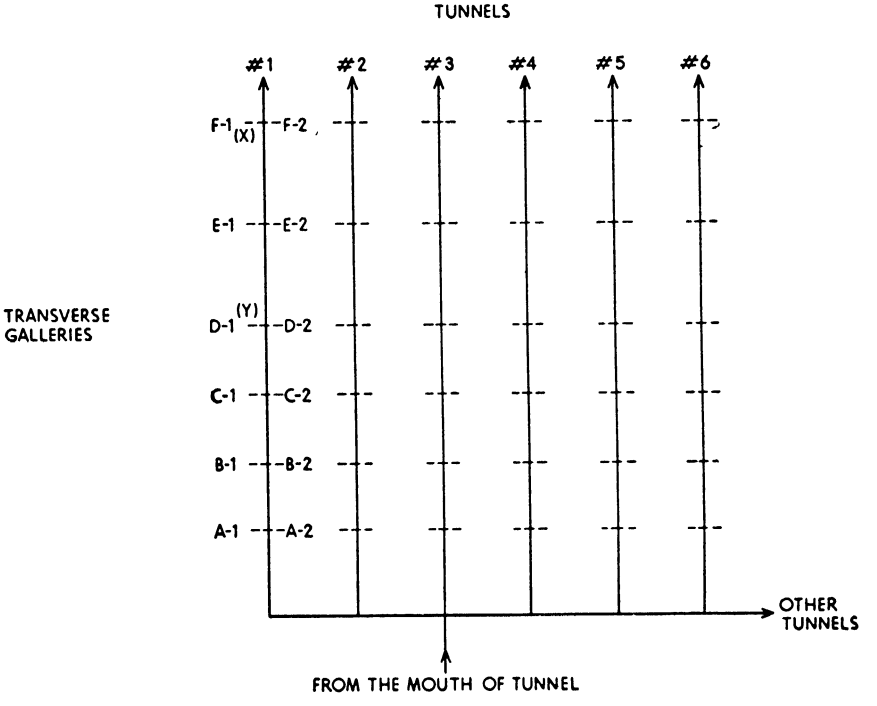
Peter Kovici had been a blaster at the Prometheus Mine for over ten years. He had had much experience as a blaster, not only in the United States but also in mines in South America and in Africa. Kovici was about 45 years old, married, and had four children. His oldest boy, who had finished his freshman year in mining engineering, was also working in the mine that summer.

One afternoon in July, 1951, Nils Jensen and Peter Kovici had just placed a charge at the end of gallery E—at E-1, that is. They had taken up their positions at points X and Y, respectively, in tunnel No. 1. Jensen, as the senior member of the team, was in charge of the electric battery detonator. Just after Jensen had shouted that he was ready to push the plunger on the detonator, Sam Bennett, the level foreman, heading toward gallery E, walked past Kovici who was sitting on an up-ended empty box. Bennett had not got more than about 20 feet beyond Kovici when Kovici suddenly shouted, "Hey

Sam!" Sam turned quickly around. At that very instant the charge went off. Pieces of rock were blown with great force out of gallery E-1 into the tunnel by the blast, but Sam, being about 100 feet away from the mouth of gallery E-1, was uninjured.

EXHIBIT 1

THE PROMETHEUS MINE



From *MAJOR BARBARA**

by

G. BERNARD SHAW

UNDERSHAFT: . . . My men are all strongly religious. In the High Explosives Sheds they object to the presence of Agnostics as unsafe.

BARBARA: And yet they obey all your orders?

UNDERSHAFT: I never give them orders. When I speak to one of them it is "Well, Jones, is the baby doing well? and has Mrs. Jones made a good recovery?" "Nicely, thank you, sir." And that's all.

CUSINS: But Jones has to be kept in order. How do you maintain discipline among your men?

UNDERSHAFT: I don't. They do. You see, the one thing Jones won't stand is any rebellion from the men under him, or any assertion of social equality between the wife of the man with 4 shillings a week less than himself, and Mrs. Jones! Of course they all rebel against me, theoretically. Practically, every man of them keeps the man just below him in his place. I never meddle with them. I never bully them. I don't even bully Lazarus. I say that certain things are to be done; but I don't order anybody to do them. I don't say, mind you, that there is no ordering about and snubbing and even bullying. The men snub the boys and order them about; the carmen snub the sweepers; the artisans snub the unskilled laborers; the foremen drive and bully both the laborers and artisans; the assistant engineers find fault with the foremen; the chief engineers drop on the assistants; the departmental managers worry the chiefs; and the clerks have tall hats and hymnbooks and keep up the social tone by refusing to associate on equal terms with anybody. The result is a considerable profit, some of which is spent in this house.

* Screen version; New York: Penguin Books, Inc., 1946, pp. 115–16. Quoted by permission of the author.

THE GERALTON COMPANY*

Thomas Brisbane,[1] an employee of The Geralton Company was a cripple who wore a special shoe with built-in braces. In 1953, Tom had worked for the company for six years at a desk job in the purchasing department. He had been hired at the suggestion of Mr. Ross, a former president of the company. In 1953, he was the only handicapped person among the 150 central office employees. Tom had a wife and four children to support, earned a relatively small salary of $70 per week, and had a reputation around the office of regularly spending money betting on horse racing.

Tom was usually without money and his clothes were shabby. At a previous date the company had purchased one pair of shoes for him at a cost of $50. A fund of $5,000 set aside to aid in employee emergencies was drawn upon for this purpose.

Coming to work on the subway one morning, Tom was knocked off balance and fell against a steel post. At work, he complained of pain and was examined by the company doctor, who found nothing wrong but suggested X-rays to determine if a rib were broken. Miss Albany, the personnel director, was informed of the situation. She gave Tom three dollars for taxi fare, since he had no money with him, and sent him to a hospital where he was X-rayed. Results were negative and he returned to work.

A week later, Miss Albany received a note from Tom saying that the X-ray cost nine dollars and he supposed the company would pay it. He stated that he wouldn't have had the X-ray if the company hadn't sent him, because he couldn't afford it.

Upon receipt of this note, Miss Albany, Dr. Cairns (the company doctor), and Mr. Townsville (the head of the purchasing department) discussed the request. Being unable to reach a decision they visited

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[1]All names have been disguised.

Mr. Coral, the administrative vice-president. This was the first Mr. Coral had heard of the matter. During the discussion which ensued, the following points were made:

Miss Albany said that she remembered telling Tom not to worry, that she had given him taxi fare, but to her recollection she had made no specific promise to actually pay for the X-ray.

Dr. Cairns reported that Tom had an incurable ailment that would get progressively worse, that treatments would be required from time to time, and that Tom would probably have to be retired early. Dr. Cairns said that Tom should not have been hired in the first place, as it was not the company's job to support cripples.

Mr. Townsville stated that Tom's work was excellent, and that he was regular in attendance despite his handicap. He added, however, that in his opinion Tom always took advantage of an opportunity, that he was trying to put over a fast one, and if he was allowed to get away with it he would be harder to stop the next time.

Miss Albany argued that paying for the X-ray would set a bad precedent in view of the company policy not to be responsible for accidents not incurred on working time. She said also that she was concerned about setting such a precedent because she thought that the other employees might resent her giving Tom special consideration on account of his disability.

At this point of the discussion, Mr. Lyons, the president of the company, entered the room. After being told of the situation, he offered to pay the nine dollars out of his pocket and thereafter to forget the incident.

Mr. Coral, the vice-president, expressed the opinion that this latter solution was not advisable. The president smiled and said, "Well, it's your baby," and left the room.

QUESTIONS

1. What, do you suppose, was Miss Albany's *objective* in giving Tom three dollars for taxi fare? What, do you suppose, was Miss Albany's *objective* when she told Tom "not to worry"? What do you think of these as *objectives* of adminstrative action?

2. In taking action in this situation, what do you think, should be Mr. Coral's *objective?* Why? How should he go about it? Why?

3. If you were in the position of Mr. Townsville, during the discussion with Mr. Coral, Dr. Cairns, and Miss Albany, what *objective* of action would you have in mind? Why? How would you go about following out that *objective?* Why?

4. What *objective,* do you suppose, did Mr. Lyons have in mind when he offered to pay the nine dollars out of his own pocket? What do you think of that as an *objective* of action on the part of Mr. Lyons?

5. What *objective,* do you think, did Mr. Lyons have in mind when he told Mr. Coral, "Well, it's your baby"? If you had been in Mr. Lyons' position what *objective* of action would you have had in mind? Why? How would *you* have gone about following out your objective? Why?

From *SCARLET AND BLACK**

by

STENDAHL

What great enterprise is there that is not *an extreme* at the moment of undertaking it? It's after it's accomplished that it seems possible to the ordinary run of men.

*Translated by Margaret R. B. Shaw. Penguin Books: Harmondsworth, Middlesex, England, 1953; p. 323. Reproduced by permission of the translator and the publisher.

CANNON LABORATORIES, INC.*

A few hours before he was scheduled to leave town on an extended business trip, Dr. Eric Paisley,[1] Director of Research for Cannon Laboratories, found himself facing a serious personnel problem. The two scientists he had hired to establish a new antibiotic laboratory were both threatening to leave the company. Each man cited his inability to get along with the other as his reason for wanting to resign.

Dr. Paisley had been aware for some time that there was a considerable amount of conflict involved in the relationship between the two men but had hoped that he had managed to relieve the situation by talking to each of the men about it. The threatened resignation surprised him. He now thought that he would have to take some sort of action quickly or be faced with the collapse of the new and expensive antibiotic activity. He found himself at a loss, however, as he tried to decide what more he could do now about the situation.

Cannon Laboratories manufactured a wide variety of drug products in the "ethical" category. The research department under Dr. Paisley had been responsible for developing a number of these products, and early in 1948 the board of directors had decided to expand his department by adding to it a new division which would specialize in antibiotic research. Since no one then on the research staff was a specialist in this field, the president and Dr. Paisley had decided to employ an outstanding microbiologist to head up the new work. After a number of scientists had been considered, Dr. Paisley offered the position to Dr. Paul Booker. Dr. Booker accepted the proposal made to him and became active, shortly after he started to work, in drawing up plans and specifications for a new building which was to house the new division. Construction of this building began in the fall of 1948, about the time when Dr. Booker started looking for his staff. He had already interviewed several scientists and had made a more or less definite commitment to one of them, Dr. James Waggoner. Shortly thereafter

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[1] All names and certain other factual data have been disguised to conceal identities.

Dr. Booker suffered a heart attack. Being advised by his doctor to retire from all business activity, Dr. Booker regretfully informed Dr. Paisley that he would have to resign his position.

At the time of Dr. Booker's resignation, the new building was in the process of construction, certain important items of equipment had been ordered, and, as mentioned, at least one scientist was awaiting definite word regarding his employment. Although Dr. Paisley had had no experience in microbiology, he now found it necessary to take over active supervision of the construction and staffing of the laboratory.

Dr. Paisley soon concluded that no microbiologist of Dr. Booker's scientific stature was available to head up the new laboratory. He then decided to start by staffing the antibiotic division with younger men who would report directly to him. It was hoped that eventually a suitable man would be found to take over the leadership of the group or that one of the younger men would prove to be capable of filling the position.

Although Dr. Paisley planned that the senior staff investigators who would eventually work in the new laboratory would all report to him on an equal basis, scientifically speaking, it seemed obvious to Dr. Paisley that one of them would have to assume some administrative duties. The new laboratory was located at some distance from the rest of the research activities and the office of the director of research. For this reason and also because he himself possessed no training or experience in microbiology, Dr. Paisley believed that one of the scientists actually working in the new quarters should be made responsible for assignment of space, maintenance of the building, routine personnel problems, and the many other details which would inevitably arise in connection with the day-to-day operation of the laboratory. Concurring in this view, the president and Dr. Paisley decided that one of the three senior investigators to be employed should be assigned the additional responsibility of taking charge of the routine operations of the laboratory. He was not, however, to be given any special title.

Dr. Paisley resumed negotiations with Dr. James Waggoner, whom Dr. Booker had been on the point of hiring. Waggoner was a young investigator on the faculty of a leading university. Upon completing his doctoral work, he had worked for two years in a commercial laboratory very similar to the new division being established by the Cannon company. Partly because of this experience, Dr. Paisley recom-

mended that Waggoner be hired and given administrative responsibility for the new laboratory research activity. Having obtained management approval, Dr. Paisley wrote to Dr. Waggoner as follows:

October 10, 1948

DEAR DR. WAGGONER:

We talked about so many different things during your visit here that it is possible some of our ideas may have become confused or misunderstood. For that reason, I would like to present in letter form some of my own opinions on the matters we discussed as well as some of the more-or-less definite comments I made to you orally.

The general research policy so far established will be carried on with the new group as nearly as possible considering the different type problems involved. Suggestions for projects will come from various sources, but the individuals doing the work shall, of course, be the final authority on whether a project can or cannot be carried out, and their opinion shall carry weight in consideration of projects. I, personally, do not feel in a position to direct specific biologic studies, so if you come here, you will be expected to work with freedom and independence. Establishing a close association, assistance, and exchange of ideas among the various research groups shall be my major effort in so far as the new laboratories and its personnel are concerned.

You appeared concerned that plans for initial operation of the new unit were to be made with only two senior staff men. I am certain that this is only a temporary consideration. In regard to this particular point, I shall repeat what I told you. Additional personnel must be acceptable to the senior staff man already employed. The administrative plan is for the senior staff men in the new laboratories to be responsible directly to me.

The matter of assistants and employees, other than senior staff men, as outlined by you is satisfactory, and I am sure that competent employees in those categories will be provided. Again, the final decision on such employees will be made by the senior staff man.

Finally, I would like to repeat the salary arrangement. Starting salary is to be $8,500 with a promised increase to $9,000 in six months, and subsequent salary considerations to be made annually. In regard to salary, I also want to reiterate that specific ceilings do not exist on any job. I feel sure I can arrange aid for moving expenses also.

Again, I enjoyed meeting with you and personally hope that you will decide to join our group. I think you will find the arrangement pleasant and productive. If there are any further questions or matters you would like to know from me, please do not hesitate to write.

Sincerely,

ERIC PAISLEY, PH.D., M.D.
RESEARCH DIRECTOR

After further correspondence relating to salary and time for starting, Dr. Waggoner accepted the position and joined the company in January, 1949.

By the time Dr. Waggoner appeared, the new laboratory building was nearly completed. His first assignments were to order equipment for the laboratory and to help Dr. Paisley select another senior investigator. The two men interviewed a number of candidates during the next two months and finally selected one of these men, Dr. C. C. Holmes, as their first choice. In addition to having completed his Ph.D. requirements with distinction, the prospective employee had had two years of postdoctoral research work at a university. Dr. Holmes accepted the position offered to him and joined the staff about six months after Dr. Waggoner.

Dr. Paisley told Dr. Holmes that he would be able to work independently on projects of his own; he also expressed the hope that Holmes would also work on some projects in collaboration with Dr. Waggoner. Dr. Paisley told the case writer later that he wanted each of the men to do some research with complete independence so that he might have a better basis for evaluating their performance.

As one part of the introductory conversations with Holmes, Dr. Paisley made a point of informing Holmes that, while he would not be responsible directly to Dr. Waggoner for his research efforts, Dr. Waggoner would be in charge of the routine activities of the laboratory, including supervision of the maintenance and technical help, purchasing of supplies, and dealing directly with the business department for the company on various expenditures for the laboratory.

Dr. Waggoner and Dr. Holmes proceeded to employ assistants, and begin research projects. Although each had his own office and laboratory facilities, certain laboratories were shared jointly. Informal meetings between Dr. Paisley and the two senior scientists took place "no more often than about once a week for an hour or so," as Dr. Paisley said, describing the situation later. To Dr. Paisley it seemed natural that he should see Dr. Waggoner and communicate with him, both by telephone and in writing, more frequently than he did in his relationship with Dr. Holmes, because of the administrative responsibilities which he had given to Dr. Waggoner.

Sometime during the month of October, 1949, after Dr. Holmes had been with the company for about four months, Dr. Paisley became

aware that everyone, including people outside the company, was referring to Dr. Waggoner as director of the antibiotic laboratory, although no such title had ever been given him. Paisley heard indirectly that Dr. Holmes resented this practice, and he was inclined to be sympathetic with Holmes, since neither he nor the president had intended that Holmes would be subordinate to Waggoner. Dr. Paisley said that he had attempted as diplomatically as he could to correct the erroneous impression which had become widespread within the staff group by speaking to people individually and explaining the relationship of the two men.

Two months later, however, Dr. Holmes complained very bitterly to Dr. Paisley's assistant director of research about the treatment he was getting from Dr. Waggoner. When he was informed of this conversation, Dr. Paisley asked Dr. Holmes to come in and talk with him about the situation. From what Dr. Holmes told Dr. Paisley during the conversation which ensued, it was evident that he felt slighted by Waggoner in that he was not consulted on decisions involving laboratories shared by both men. Further, he believed that the technical and maintenance personnel considered Waggoner their boss and therefore would not work for Holmes. Holmes said that it was up to Waggoner, he felt, to keep him informed concerning laboratory activities and that he deeply resented Waggoner's attitude in withholding such information from him.

Believing that it would be wise to hear the other side of the story before taking any action, Dr. Paisley called Dr. Waggoner into his office and asked him how he and Dr. Holmes were getting on. Waggoner replied that he had hesitated to bring the matter up, since the relationship was a very strained and unpleasant one. Paisley asked him if he had ever gone directly to Holmes to talk about the differences which appeared to exist between them, or if Holmes had ever come to him. Waggoner said that he had never talked about the situation with Holmes. When asked by Paisley to specify his criticisms of Holmes, Waggoner made the following points: "Holmes works entirely by himself and does not tell me what he is doing. He uses more of the help, space, and facilities than he should. All he wants to do is sit at a desk and let his assistants do all the work. He doesn't put in a full week's work himself."

After considering these two conversations carefully, Dr. Paisley

came to the conclusion that the conflict between the two men was probably a result of the lack of clarification which existed concerning their relative positions. Believing that similar misunderstandings might exist elsewhere in the research department, he addressed a bulletin to the entire research staff as follows:

MEMORANDUM

The research department is divided into functional groups or teams of varying sizes. Sometimes, the size or group may depend on physical factors but in general it depends on type of work done. Therefore, each group has individual projects and interests but is associated with other company groups in the research department or outside. The facilitation of these associations and co-ordinating of group activities is one of the research director's* responsibilities. Also, determination of research policy and planning of programs so as to obtain reasonable balance and emphasis is also the research director's duty. He must represent these groups to management and see that provisions of personnel, supplies, and space is made for the most efficient productivity. He must also be sure unused excess of any of these does not exist. To do the above, the research director must not only receive reports of partially or wholly finished research but must be present at the inception of projects and at all critical decision points along the development of a project.

The group leaders have the same responsibility to other members of their group as the director has to the group leaders. In the same way, it is the group leader's responsibility to keep informed of all activities of his group and to guide them in keeping with over-all company policy and specific department objectives.

The term "leader" is used advisedly. Senior investigators, capable of working independently, should not be forced to work on projects against their will, but a spirit of co-operation and willingness to consider suggestions is expected of everyone. Of course, all have a certain amount of required routine and bread-and-butter research to do. The project should be considered worthwhile and interesting by all concerned, senior investigator, group leader, and research director.

In the same spirit, the man directly in charge of a project should generate enthusiasm and interest in the work done by his assistants and technicians. This can be done by a little explaining and development of a teaching or helping attitude. Everyone likes to feel he is a necessary part of the show.

*Whenever the title "research director" is used it means and/or assistant director.

E. Paisley

The copies of the bulletin sent to Waggoner and Holmes carried the following memorandum of explanation from Dr. Paisley:

December 4, 1949

From: DR. ERIC PAISLEY
To: DR. J. L. WAGGONER
DR. C. C. HOLMES

As the enclosed memorandum applies to the antibiotic laboratories, Dr. Waggoner is the group leader and Dr. Holmes is a senior investigator. Each has specific assistants assigned to him. The over-all operation of the laboratory is Dr. Waggoner's responsibility, and this includes assignment of space and personnel as well as employment and termination of services. It is policy in other groups that individuals capable of independent research have some projects of their own and some jointly. This seems a good idea to me, and I would expect the same between Dr. Waggoner and Dr. Holmes. Frequent, even daily, discussions of problems should be expected between Dr. Waggoner and Dr. Holmes. Professionally, there should be complete frankness and no withholding of work done or intended.

Any additional senior investigators added to the staff will have the same relationship to Dr. Waggoner as Dr. Holmes now has.

E. P.

After sending out the bulletin, Dr. Paisley called in each of the two men in turn to discuss their relationships with one another. To Dr. Holmes he said, in effect, "Look, you know that Waggoner is a quiet sort of fellow who doesn't talk much. I'm sure that many of the times you think he is ignoring you and not taking you into his confidence, it is simply due to the fact that he does not talk a great deal and merely doesn't believe you would be interested. I am sure he has respect for your work and is interested in knowing the work you are doing. I would suggest that you simply go in and talk to him about what you are doing and ask him what he is doing—that way you will be sharing information with each other. Also, you understand that someone must be in charge of the allocation of space and assistants. Dr. Waggoner has been designated for that by me because I can't do it and he has had more experience with such a laboratory than any of the rest of us."

To Dr. Waggoner, the research director said, "I'm sure that when you make decisions on routine lab operations, you consider Dr. Holmes' interests equally with your own, but you never talk to him about these things in advance, and it is probable that he misinterprets many of

your actions because you don't explain. He is sensitive about that sort of thing, and in the future I would suggest that you make a point of consulting with him before acting. Why don't you get together at regular intervals, say once a week, and go over routine matters and plans for the future, and exchange progress reports on your work. When I can make it, I'll be glad to join in as a third party."

Dr. Paisley was disappointed to learn that no regular meetings were scheduled following his conversations with the two men; but, as far as he could see, matters between them seemed to be better than before; at least he heard no further complaints. His own contacts with the two men continued on the same basis as before—occasional meetings but mostly routine exchanges with Dr. Waggoner concerning minor problems of lab management. Since Dr. Paisley believed that both men were doing work of good quality, Waggoner and Holmes were given increases in salary at the end of one year's employment with the company. The work of the new laboratory seemed to Paisley to be progressing well in spite of the personality conflict.

About a month after Holmes had received his salary increase and just one day before Dr. Paisley was to depart on an extended business trip, the latter heard indirectly that Holmes was so unhappy about Waggoner that he was seriously thinking about resigning. On the following day, only three hours before his plane was to take off, the research director was still wondering what he should do when a note reached him from Dr. Waggoner. It stated that Waggoner considered Dr. Holmes to be intolerable. Unless Holmes left, the note continued, he himself intended to seek a position elsewhere.

"ON DECISIVENESS"*

by

HENRY TAYLOR

There are divers kinds of decisiveness; there is that of temperament, and that of reason, and there is that which is compounded of both; and this last is the best for a statesman. The tendency of the reasoning and contemplative faculty is to suggest more doubts than conclusions, and to comprehend in its dealings with a subject more considerations than the human mind is adequate to bring to a clear issue. Temperament is wanted, therefore, to abbreviate the operations of reason and close up the distances, thereby enabling the mind, where many things are doubtful, to seize decisively those which are least so, and hold by them as conclusions. On the other hand, the tendency of a temperament energetically decisive, is to overleap some of the preliminary and collateral investigations which might, with proper patience, be available to certainty of conclusion; and the strength of a reasoning faculty trained to scrupulous habits is required to balance this tendency.

Moreover, to make a perfect statesman it is necessary that these antagonist dispositions should be so far under command that they may be curbed or indulged in different degrees at different stages in the consideration of a question. If the subject be large and complex, the state natural to a comprehensive mind at the first approach to it, is a state of some confusion and perplexity, and this is the best state to begin with; for he whose mind is not seasonably inconclusive, and cannot bear with a reasonable term of suspense, will either get wrong, or get right more tardily by means of afterthought and correction. To hold the judgment free upon specific points in a question, until the mind have taken a general estimate of the proportions and relations of its several parts, and have become somewhat familiarised to the hypothetical aspects of it, is the indecisiveness of reason and wisdom. This is the *couchant* attitude of the mind, which best prepares it to secure its prey; or (to transfer the metaphor) it is the wheeling survey which precedes the stoop. But when the time comes to stoop or to pounce, the energy ought to be in proportion to the previous abstinence. Thus the stages in the considera-

* *The Statesman* (London, 1836), chap. xxi.

tion and decision of a question, as in the adopting and pursuing a course of action, ought to be marked by more of patience and circumspection at the beginning, more of energy towards the end. "*Prima Argo committenda sunt; extrema Briareo.*"[1] Some statesmen have been known to reverse this maxim.

Indecisiveness will be *caeteris paribus* most pernicious in affairs which require secrecy;—1st. Because the greatest aid to secrecy is celerity; 2d. Because the undecided man, seeking after various counsel, necessarily multiplies confidences.

The pretext for indecisiveness is commonly mature deliberation; but in reality indecisive men occupy themselves less in deliberation than others; for to him who fears to decide, deliberation (which has a foretaste of that fear) soon becomes intolerably irksome, and the mind escapes from the anxiety of it into alien themes. Or if that seems too open a dereliction of its task, it gives itself to inventing reasons of postponement; and the man who has confirmed habits of indecisiveness will come in time to look upon postponement as the first object in all cases, and wherever it seems to be practicable, will bend all his faculties to accomplish it. With the same eagerness with which others seize opportunities of action, will these men seize upon pretexts for foregoing them; not having before their eyes the censure pronounced by the philosopher of Malmesbury, who says,—"After men have been in deliberation till the time of action approach, if it be not then manifest what is best to be done, 'tis a sign the difference of motives the one way and the other is not great: therefore not to resolve then, is to lose the occasion by weighing of trifles; which is pusillanimity."[2]

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[1] EDITORIAL NOTE BY R. M. H. AND J. D. G.—"The first stages of an undertaking should be entrusted to Argus; the last to Briareus." Argus was fabled to have had a hundred eyes—hence a vigilant and all-seeing observer. Briareus was a hundred-handed giant of Greek mythology—presumably of great strength.

[2] *Leviathan,* Part I, chap. ii.

ALLIED FOOD COMPANY*

On March 10, 1955, Mr. Nelson Anders,[1] General Sales Manager of the Allied Food Co., presided at an all-day meeting of sales executives from the company's Eastern Sales Region. The meeting was held in a hotel conference room in New York City. Exhibit 1 presents a partial organization chart of the Allied Food Co., and Exhibit 2 indicates the name, title, and seating place of the executives at the meeting. The March 10 meeting had been called by Mr. Anders to make some final detailed plans prior to the institution of a major reorganization of the Eastern sales region scheduled to start in less than a month.

The Allied Food Co. was a large national company that produced and purchased for resale a fairly complete line of food products. The company had been growing rapidly since World War II and its sales in 1954 were well over $100,000,000. In the latter half of 1954, the top sales executives decided, after considerable study, to change the existing national sales organization from having a single sales force in a given sales territory to having a dual sales force. In other words, the company's products were to be split into two major groups, called groups A and B, and different salesmen were to sell each group of products. This change also called for a doubling of the number of people needed as territory sales managers (see Exhibit 3). It was decided to make this organizational change in the Eastern region first and, if it worked as expected, introduce it in time into the other sales regions. Prior to the March 10 meeting Mr. Anders had asked Mr. Butler, the Eastern regional sales manager, to request his district managers to nominate people for each of the newly created jobs of territory sales manager and to indicate how they would split their territorial sales forces. The resulting proposals for personnel changes in each district were available in advance in written form to all those attending the March 10 meeting.

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[1]All names have been disguised.

The following account and excerpts of the March 10 meeting were prepared by a research man from the Harvard Business School who attended the meeting.

The discussion throughout the morning concerned such topics as the timing of the announcements of the new organizational plan, the problem of setting up appropriate sales quotas for the new sales territories, the problem of handling the customers who were now to be called on by two different representatives of the Allied Food Co., and several other problems related to the reorganization. Mr. Anders took an active part in these discussions. Mr. Butler was much less active and acted more as a moderator in calling on the different people who wanted to speak on the issue at hand. The problems that were raised seem to be getting a very thorough discussion, and by and large, the group seemed to be agreeing on the ways that the different aspects of the change would be handled.

After lunch, by previous arrangement, Mr. Anders called the attention of the group to the problem of deciding on the specific people who would be given the new jobs of territorial sales managers and the question of making the related personnel shifts.

ANDERS: We have to approach this problem this afternoon by going through one district at a time looking at the nominations that have been put up by the district managers. I suggest we start by looking at those districts where there are relatively few problems involved so that we can get some of these out of the way before we tackle the districts where it will probably be a little more difficult to find the answers.

BUTLER: In that case, let's start with the Buffalo district.

The Buffalo district manager took about five minutes to explain the nominations he had made on the report he had prepared for the meeting. He had nominated one of his own men for each of the new jobs that were being created and spoke briefly of the qualities and personality attributes of the people he was proposing for those positions. After a couple of questions were asked him, everyone at the meeting seemed to agree with his proposals. Mr. Butler then asked the Baltimore district manager to present his report. The Baltimore manager also took about five or ten minutes to present his nominations, and these were very quickly accepted by the rest of the group.

The third district manager to report was Mr. Murdock from the New York district. He presented his nominations in much the same fashion as the previous two district managers. He then concluded his presentation:

MURDOCK: I am down now to the final territory and that is our Newark territory. This territory presents a problem and I need some help on it. I don't feel that I have a qualified man in my district to nominate for that new job in Newark. We're up against some pretty rough competition there. We need a very competent man to take over that territory. What I feel we need is an older man who has had plenty of sales experience with our company and who has handled some tough assignments. He has to be able to make a very good appearance and to really know what he is doing in order to do a good job with that territory. As I've said, I think I've got some very good men in my territory. I've moved a number of them up to take these new slots, and I think they'll do it well. But I don't feel I have another man who's ready to step into a job like this Newark one.

ANDERS: Does anyone have any suggestions for this problem?

EASTERN REGION SALES PERSONNEL MANAGER: I understand that the situation in our Boston district is somewhat related to the question that has been raised here about Newark. So why don't we take a look at the Boston picture and see if it doesn't help us settle this Newark problem in the New York district.

ANDERS: Fine, why don't you go ahead then.

Mr. Ranford, the Boston district manager, proceeded to give his proposed lineup for the new jobs as territory managers in the Boston district. After he had proceeded about halfway through this presentation he was interrupted.

ANDERS: I'm looking down here at the Hartford-Springfield territory [a territory in the Boston district]. I see you don't have a territory manager for Group B named there. How about this fellow Tompkins? Isn't he one of our senior salesmen in that territory?

RANFORD: Well—yes. We have considered Tompkins. We haven't recommended him for this job. All of the reports on him haven't been exactly good. I don't want to give the impression that

he's not a good salesman because I think he is. Everybody says he's got a good record as a salesman, but the reports I get are that people aren't too sure he will work out as a territory manager, at least not right there in the Hartford-Springfield territory. I guess he's rubbed some people a little bit the wrong way, and I don't know if he would work out there. That's why we didn't put his name in as a nominee for a territory manager at this time. However, we do think he's a good man. I don't want you to think otherwise.

ANDERS: Well, what's the trouble, then?

MURDOCK: Maybe I'd better speak up here about the conversation I had with Ranford last night over cocktails. I was telling him about our problem down in Newark, and we came up with the idea that maybe this fellow Tompkins might be somebody we could move into this Newark job. I understand he's had some problems up there, but if we all have our eyes open on this, I'd be willing to take him for that Newark job.

ANDERS: Didn't I hear something about his having a pretty good-sized family?

RANFORD: That's right. I understand he has six kids.

ANDERS: And I thought I also heard he's recently bought himself a new home.

RANFORD: I think that's right. I think he did buy himself a home within the last few months.

ANDERS: Well, hadn't we better think about that? What's the move going to mean to him? If we push him into moving, is there a possibility we might lose him? It doesn't sound as if a move would be very easy for him.

EASTERN REGION SALES PERSONNEL MANAGER: I have had several chats with Tompkins about his personal situation and I might be able to add something here. Tompkins has been passed over twice for promotion to territory manager. This has upset him and if it happens again I predict that he will leave the company. But I don't think he wants to leave. And even though he stands to lose money on selling his house now, I think he would move to get a territory manager's job if he couldn't move up where he is.

RANFORD: I was sort of hoping it wouldn't be necessary to bring all this up at this meeting, but maybe I'd better tell a little bit more about the story on Tompkins. It's a little complicated, but what it amounts to is that Tompkins has been going around talking to quite a few people in our organization about his difficulties in the Hartford-Springfield territory. He's got a good sales record but he's been talking to different people in our organization about his troubles, and mostly they add up to the fact that he's running down his current boss, John Clements [manager of the Hartford-Springfield territory]. Needless to say, it hasn't made Clements happy to have Tompkins running around undercutting his position. Clements isn't one of our strongest men, but he is perfectly okay as a territory manager. You'll see that we have Clements slated for a transfer to Providence. Well, Tompkins is really giving him a bad time—going outside channels to make things tough for him. It's things of that kind that made us think that it wouldn't be wise to move Tompkins up to the job of manager in that territory. This idea of moving him down to Newark seemed to be a pretty good way to handle the whole thing.

ANDERS: Maybe we ought to think about firing Tompkins. What would you say to that?

RANFORD: *(Pause).* No, I wouldn't recommend that. He is certainly controversial, but on balance, I think he ought to be kept.

ANDERS: Have you or have any of your subordinates called in Tompkins to tell him exactly what you think of his talking about his boss outside of channels?

RANFORD: I don't think that is the kind of thing that you necessarily have to tell a man. He ought to know better. It is all spelled out in our company policies. Besides, he could have caught on to how people felt about this from the cold shoulder he has been getting when he peddled his stories. We thought he would straighten himself out. I've been hearing stories about this for quite a while, but it has been hard to pin down. It's not easy to know just how to approach Tompkins on a matter of this kind. It's something that I've talked about a bit with Clements and some of the other men who have stopped by that territory and have had a chance to hear some of these things from Tompkins. But it always comes in little pieces and it's hard to know just what to do about it.

ANDERS: I take it, then, you haven't talked to Tompkins about this.

RANFORD: That's right.

ANDERS: *(Pause.)* Do you have any serious objection to promoting Tompkins to be a manager of the Hartford-Springfield territory?

RANFORD: *(Pause).* No, I wouldn't say I could put up any serious objections to such a promotion.

ANDERS: Well, in that case, why don't we go ahead on that. Now let's go back to the New York problem. This doesn't help on the Newark vacancy, does it? *(Laughs.)*

EXHIBIT 1

ALLIED FOOD COMPANY

PARTIAL ORGANIZATION CHART – SALES DEPARTMENT

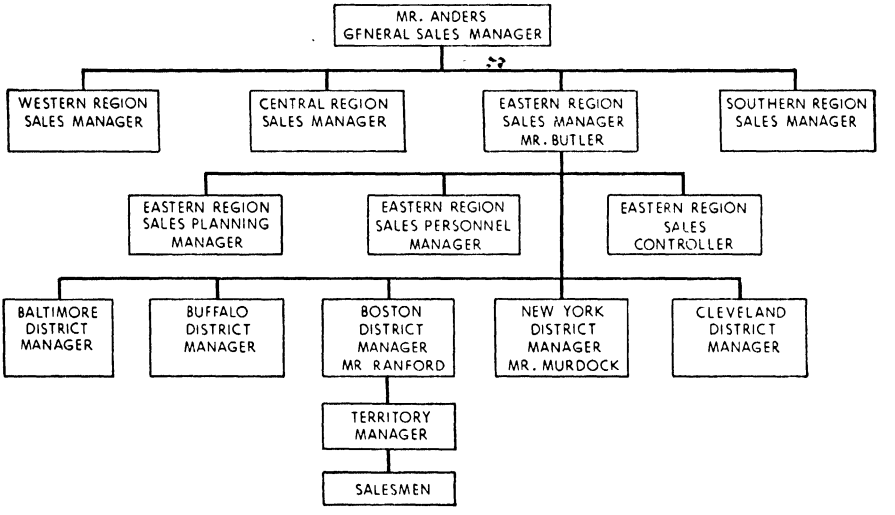


EXHIBIT 2

ALLIED FOOD COMPANY

SEATING ARRANGEMENT FOR MEETING, MARCH 10, 1955

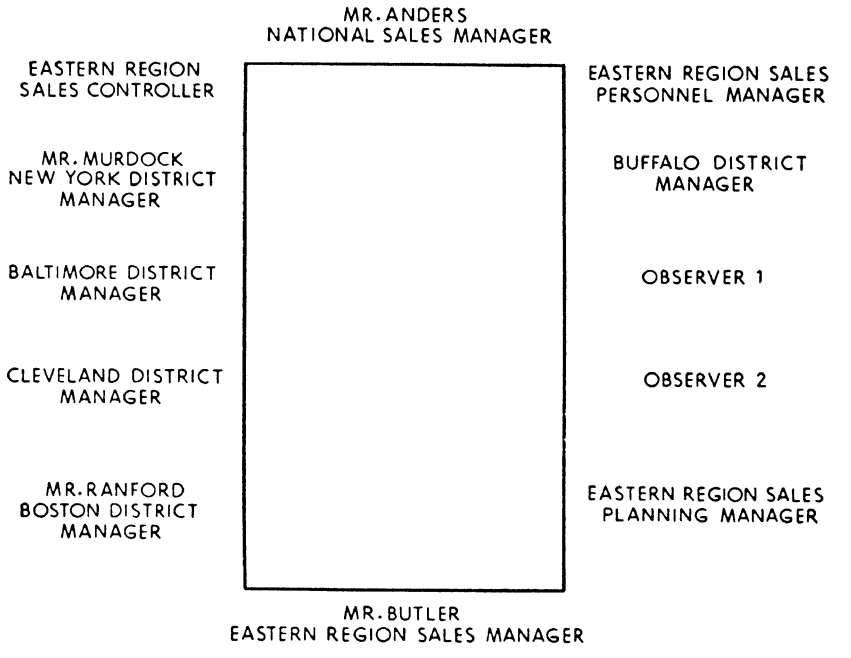
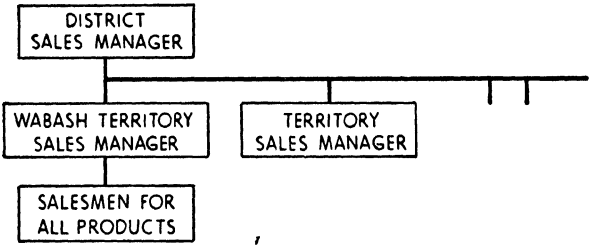


EXHIBIT 3

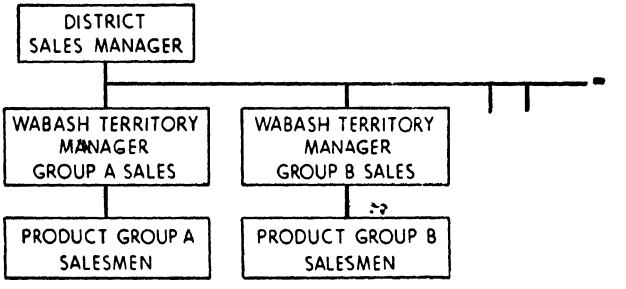
ALLIED FOOD COMPANY

TYPICAL DISTRICT SALES ORGANIZATION CHART

BEFORE REORGANIZATION



AFTER REORGANIZATION



"OF COUNSEL"*

by

FRANCIS BACON

The greatest trust between man and man is the trust of giving counsel; for in other confidences men commit the parts of life, their lands, their goods, their children, their credit, some particular affair; but to such as they make their counsellors they commit the whole; by how much the more they are obliged to all faith and integrity. The wisest princes need not think it any diminution to their greatness, or derogation to their sufficiency to rely upon counsel. God himself is not without, but hath made it one of the great names of his blessed Son, "The Counsellor."[1] Solomon hath pronounced that, "in counsel is stability."[2] Things will have their first or second agitation: if they be not tossed upon the arguments of counsel, they will be tossed upon the waves of fortune, and be full of inconstancy, doing and undoing, like the reeling of a drunken man. Solomon's son[3] found the force of counsel, as his father saw the necessity of it; for the beloved kingdom of God was first rent and broken by ill counsel; upon which counsel there are set for our instruction the two marks whereby bad counsel is forever best discerned, that it was young counsel for the persons, and violent counsel for the matter.

The ancient times do set forth in figure both the incorporation and inseparable conjunction of counsel with kings, and the wise and politic use of counsel by kings; the one, in that they say Jupiter did marry Metis, which signifieth counsel; whereby they intend that sovereignty is married to counsel; the other in that which followeth, which was thus: they say, after Jupiter was married to Metis, she conceived by him and was with child; but Jupiter suffered her not to stay till she brought forth, but eat her up; whereby he became himself with child, and was delivered of Pallas armed, out of his head. Which monstrous fable containeth a secret of empire, how kings are to make use of their council of

* Reprinted from *Essays and New Atlantis.* Published for the Classics Club by Walter J. Black Inc., New York, 1942.

[1] Isaiah 9:6.

[2] Proverbs 20:18.

[3] Rehoboam, from whom the ten tribes of Israel revolted, and elected Jeroboam their king. (See I Kings 12).

state; that first, they ought to refer matters unto them, which is the first begetting or impregnation; but when they are elaborate, molded, and shaped in the womb of their counsel, and grow ripe and ready to be brought forth, that then they suffer not their council to go through with the resolution and direction, as if it depended on them; but take the matter back into their own hands, and make it appear to the world that the decrees and final directions (which, because they come forth with prudence and power, are resembled to Pallas armed), proceeded from themselves; and not only from their authority, but (the more to add reputation to themselves) from their head and device.

Let us now speak of the inconveniences of counsel, and of the remedies. The inconveniences that have been noted in calling and using counsel are three: first, the revealing of affairs, whereby they become less secret; secondly, the weakening of the authority of princes, as if they were less of themselves; thirdly, the danger of being unfaithfully counselled, and more for the good of them that counsel than of him that is counselled; for which inconveniences, the doctrine of Italy, and practice of France, in some kings' times, hath introduced cabinet councils; a remedy worse than the disease.

As to secrecy, princes are not bound to communicate all matters with all counsellors, but may extract and select; neither is it necessary that he that consulteth what he should do, should declare what he will do; but let princes beware that the unsecreting of their affairs comes not from themselves; and, as for cabinet councils, it may be their motto, "I am full of leaks;"[4] one futile person, that maketh it his glory to tell, will do more hurt than many that know it their duty to conceal. It is true, there be some affairs which require extreme secrecy, which will hardly go beyond one or two persons besides the king. Neither are those counsels unprosperous; for, besides the secrecy, they commonly go on constantly in one spirit of direction without distraction; but then it must be a prudent king, such as is able to grind with a handmill;[5] and those inward counsellors had need also to be wise men, and especially true and trusty to the king's ends; as it was with King Henry the Seventh of England, who, in his greatest business, imparted himself to none, except it were to Morton[6] and Fox.[7]

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[4] *Plenus rimarum sum.* (Terence, *Eunuchus*, I, ii, 25).

[5] That is, without complicated machinery of government.

[6] John Morton, Archbishop of Canterbury.

[7] Richard Fox, Bishop of Winchester.

For weakening of authority, the fable[8] showeth the remedy; nay, the majesty of kings is rather exalted than diminished when they are in the chair of council; neither was there ever prince bereaved of his dependencies by his council, except where there hath been either an over-greatness in one counsellor, or an over-strict combination in divers, which are things soon found and holpen.[9]

For the last inconvenience, that men will counsel with an eye to themselves; certainly, "he shall not find faith upon the earth,"[10] is meant of the nature of times, and not of all particular persons. There be that are in nature faithful and sincere, and plain and direct, not crafty and involved: let princes, above all, draw to themselves such natures. Besides, counsellors are not commonly so united, but that one counsellor keepeth sentinel over another; so that if any do counsel out of faction or private ends, it commonly comes to the king's ear; but the best remedy is, if princes know their counsellors, as well as their counsellors know them: "The greatest virtue of a prince is to know his own."[11] And on the other side, counsellors should not be too speculative into their sovereign's person. The true composition of a counsellor is, rather to be skillful in their master's business than in his nature; for then he is like to advise him, and not to feed his humor. It is of singular use to princes, if they take the opinions of their council both separately and together; for private opinion is more free, but opinion before others is more reverend. In private, men are more bold in their own humors; and in consort, men are more obnoxious[12] to others' humors; therefore it is good to take both; and of the inferior sort rather in private, to preserve freedom; of the greater, rather in consort, to preserve respect. It is in vain for princes to take counsel concerning matters, if they take no counsel likewise concerning persons; for all matters are as dead images; and the life of the execution of affairs resteth in the good choice of persons. Neither is it enough to consult concerning persons, "according to classes,"[13] as in an idea or mathematical description, what the kind and character of the person should be; for the greatest errors are committed, and the most

[8] Before mentioned, relative to Jupiter and Metis.

[9] Remedied.

[10] *Non inveniet fidem super terram.* Bacon probably alludes to the words of Jesus: "When the son of Man cometh, shall he find faith upon the earth?" (Luke 18:8).

[11] *Principis est virtus maxima nosse suos* (Martial, *Epigrams,* VIII, 15, 8).

[12] Subject to or exposed to.

[13] *Secundum genera.*

judgment is shown, in the choice of individuals. It was truly said, "The best counsellors are the dead";[14] "books will speak plain when counsellors blanch"; therefore it is good to be conversant in them, specially the books of such as themselves have been actors upon the stage.

The councils at this day in most places are but familiar meetings, where matters are rather talked on than debated; and they run too swift to the order or act of council. It were better that in causes of weight, the matter were propounded one day and not spoken to till the next day; "Night is the season for counsel";[15] so was it done in the commission of union[16] between England and Scotland, which was a grave and orderly assembly. I commend set days for petitions; for both it gives the suitors more certainty for their attendance, and it frees the meetings for matters of estate, that they may "attend to the business in hand."[17] In choice of committees for ripening business for the council, it is better to choose indifferent persons, than to make an indifferency by putting in those that are strong on both sides. I commend, also, standing commissions; as for trade, for treasure, for war, for suits, for some provinces; for where there be divers particular councils, and but one council of estate (as it is in Spain), they are in effect no more than standing commissions, save that they have greater authority. Let such as are to inform councils out of their particular professions (as lawyers, seamen, mint-men, and the like) be first heard before committees; and then, as occasion serves, before the council; and let them not come in multitudes, or in a tribunitious[18] manner; for that is to clamor councils, not to inform them. A long table and a square table, or seats about the walls, seem things of form, but are things of substance; for at a long table a few at the upper end, in effect, sway all the business; but in the other form there is more use of the counsellors' opinions that sit lower. A king, when he presides in council, let him beware how he opens his own inclination too much in that which he propoundeth; for else counsellors will but take the wind of him, and, instead of giving free counsel, will sing him a song of "I shall please."[19]

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[14] *Optimi consiliarii mortui.*

[15] *In nocte consilium.*

[16] On the accession of James VI of Scotland to the throne of England in 1603.

[17] *Hoc agere.*

[18] Declamatory.

[19] Quoted in jest from Psalm 114:9 in the Vulgate: *Placebo Domino in regione vivotum.*

AMANDO VITALE (A)*

One evening in July, 1952, Mr. Robert Egan[1], production superintendent of the heavy equipment division of the Midwestern Machine Products Company[2] received a telephone call at his home from Mr. Richard Tadcaster, a production supervisor in another division of the company. Mr. Tadcaster explained, "Mr. Egan, one of your employees, Amando Vitale, is here at my home. I've known the boy for several years. Frankly, he has a problem that I would prefer him to discuss with you personally. Can he come to see you this evening?" Tadcaster told Egan something of his conversation with Vitale. (See below.)

"Sure, tell him to come over, I'll be here all evening," replied Mr. Egan. A half hour later Mr. Vitale appeared at Mr. Egan's home.

Robert Egan had been foreman of the assembly department of the heavy equipment division when he first met Amando Vitale in 1950. Vitale worked in the finishing department which immediately followed Egan's department in sequence of manufacturing process. He was a spray painter on an operation where completed motors were painted and dried before being shipped. Egan guessed Vitale was about 30 years old. In January, 1952, Vitale had approached Robert Egan and asked how he could get a production control job. "I've been on this spray painting job for 7 years now," he told Egan, "and I'd like to make a change. I'm familiar with most of the operations down here and I think it would be a good background for production control. I've only got a high school education but I'm not dumb. I think I'd do well on production control."

Egan suggested he first make his aims known to his foreman, Mr. George Murphy, and let the foreman contact the heavy equipment production control supervisor, Mr. Bruce Foster, about possible openings in the production control department. Vitale thanked Egan and said he would see his foreman. The following week Egan mentioned

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[1] All names have been disguised.

[2] In Exhibit 1 is reproduced an organization chart of the Midwestern Machine Products Company.

his conversation with Vitale to Mr. George Ross, the heavy equipment production manager. Mr. Ross remarked, "Hell, he saw me two weeks ago about the same thing. He wanted to know how he could get into production control and then gave me a long story about his wife being a nurse who worked for a doctor who treated my wife. I didn't get the connection, but I told him to see his foreman."

Robert Egan became curious, and shortly after talking with George Ross made it a point to speak to Vitale again. When Vitale saw Egan he said, "Well, I saw my foreman as you suggested and he's already spoken to Mr. Foster. They've promised me the next opening." Egan said, "Vitale, you're on piece work. You must be taking home close to $100 a week with your overtime and all. You won't make that kind of money in production control. Do you really want to make a change?"

Vitale replied, "My house is almost paid for, my two kids are at school days, so if we do get squeezed for money my wife can go back to work. She's a registered nurse, you know. Sure, I'm going to make less money in production control but I'll be able to come to work in clean clothes and have a clean job. My wife and kids will be proud of me. Mr. Egan, I've got one ambition, that's to be a foreman here at Midwestern. My kids will be able to tell the other kids that their daddy's a foreman at Midwestern, not a painter."

Late in May, 1952, an opening became available in the production control department. A new man was broken in to replace Vitale on his old job. On June 2, Vitale began work in the production control department as an expediter. His salary was $75 a week. He was assigned to expedite arc-welded fabricated parts for the heavy equipment division. These parts were manufactured in the fabrication division of the company which was located in a building separate from the heavy equipment division. Vitale kept progress cards on parts in the fabrication division that were scheduled for later use in the heavy equipment division. He made daily checks on the parts and indicated to the foreman of the fabrication division those which needed added attention to meet production schedules.

Three weeks after Vitale had begun working as an expediter, Mr. Egan heard "third or fourth hand" that Amando Vitale wasn't happy on his new job. Vitale, apparently, felt "he wasn't accomplishing anything and that he had been hasty in deciding to leave the spray

painting job." Egan suggested to Foster that he talk to Vitale on a routine basis without mentioning the rumor they had heard about his being unhappy on the job. Bruce Foster called Vitale to his office and talked about the full scope of an expediter's job. He explained to Vitale: "Production is a matter of co-ordination and teamwork. An expediter is an important member of the team. I want you to realize that." Vitale listened and made no comment about being dissatisfied with his job.

George Murphy, foreman of the finishing department, began to experience difficulty in keeping up with the production schedules after Vitale had left the department. The man who had replaced Vitale did not develop the speed which Murphy expected. The paint spraying job was a three-man operation, but as Mr. Murphy said, "That Vitale always did the work of two men. Now I've got to work the paint crew overtime and Saturdays to try to keep up with production." Shortly after the "routine check" talk with Bruce Foster, Vitale was passing through the finishing department when Murphy called to him, "Amando, I wish the hell you never left us. You were better than any two painters. I'm really in trouble down here. Wish you were back on the job." Vitale smiled and replied, "So do I."

At the end of July, Vitale went to Foster and said, "I'm fed up with this expediting job. I'm not accomplishing anything. They're having trouble on the paint job in the finishing department and I'd like my old job back." Foster asked if he had spoken to Jack Crane, Vitale's immediate supervisor. "No," he replied, "I came directly to you." Foster asked him to think the matter over carefully before making any decision and they would discuss the problem later. Three days later, Vitale went to Bruce Foster and said, "I've decided I want my old job back."

Mr. Foster replied, "Well, you sound as if you have your mind made up, but I'll have to check whether or not your old job is open." He called Mr. Murphy, the foreman of the finishing department, and explained that Amando Vitale wanted to get back on the paint spraying job. Murphy said, "Is his job open! You're damn right it is. Have Vitale report at 6 o'clock tomorrow morning and he'll be able to start making plenty of overtime. I'm in a jam and we can make this a four-man job until we've caught up. I'll let Vitale's replacement go, then." Foster informed Vitale that his old job was available and that

Mr. Murphy wanted him to report at 6 o'clock the next morning for work.

The following morning Vitale came to work at 8 o'clock. He was dressed in the clothes he had worn on his expediting job but carried his painting work clothes with him. After changing into his work clothes he reported to George Murphy. Murphy asked, "Where have you been? I wanted you in here at 6 o'clock. We've got a lot of work to do." Vitale replied, "I guess I overslept. Sorry." He joined the other men on the spray-painting operation.

At 11 o'clock that morning, Mr. Vitale appeared at Mr. Foster's office. "Mr. Foster," he began, "I never should have asked to go back on the painting job. I've been afraid to tell my wife I left the expediting job. The wife and kids liked my going to work in clean clothes. The reason I didn't report to work at 6 o'clock this morning was that I couldn't think up an excuse to leave the house early. I even had to sneak the overalls out without my wife seeing them. Mr. Foster, I'm sorry to have caused all this trouble, but how about it? I made a mistake. I'm sorry. Can I get my expediting job back?" Bruce Foster answered, "Look, Vitale, you don't work for me any more, you work for Mr. Murphy in the finishing department." Vitale left Mr. Foster's office.

At 2 o'clock, Foster received a call from Murphy. "Mr. Foster, is Vitale at your office? One of my men said he heard Vitale say something about going to see you." Foster explained that Vitale had left his office at 11:15. Murphy remarked, "Well, if that guy thinks he can come and go as he damn pleases, he's got another thought coming." Vitale apparently had left the plant after seeing Foster. No one saw him for the remainder of the day.

That evening, Vitale appeared at Richard Tadcaster's home. Tadcaster had been supervisor of production control in the heavy equipment division when Vitale first came to work in the finishing department in 1945. Mr. Tadcaster had been transferred to similar work in the accessories division in 1950. Vitale told Tadcaster what had happened and added, "You've known me a long time. I'd like you to help me. Things have moved too fast for me. I wasn't really certain what I wanted when I asked Mr. Foster for my old job back and—boom, they caught me too fast. The only reason I wanted the paint job back was that everyone in the finishing department used

to tell me what a good guy I was. Mr. Murphy always said I was the best painter he had ever had."

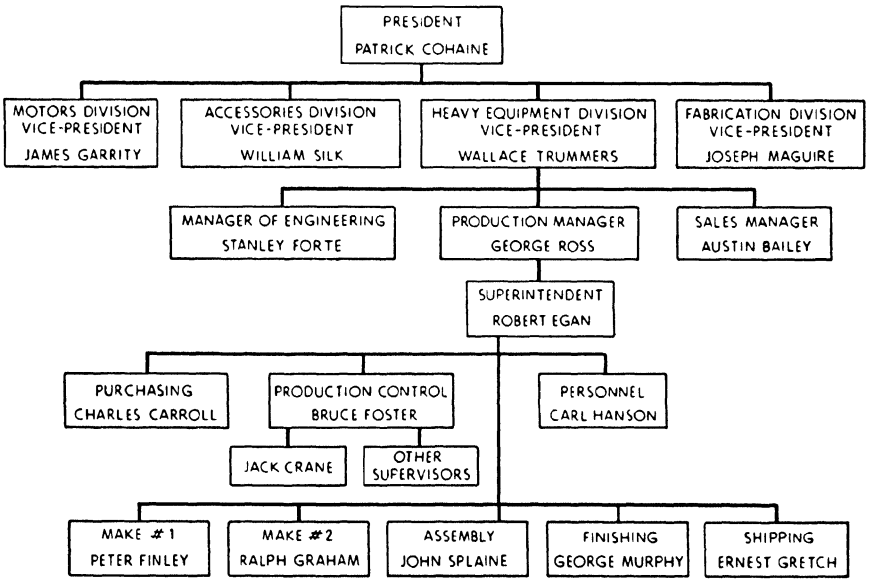
"What really bothers me, Mr. Tadcaster, is what am I going to tell my wife? She doesn't know anything about my going back on the paint job. We live in a duplex with her sister and brother-in-law, Harry Woerner. You probably know Harry. He's in production control in the motors division here at Midwestern. Harry's been to college, got a good job. Naturally my wife has reason to gripe. She wants me to have a clean job and wear clean clothes just like Harry. I don't know. What am I going to do?"

Tadcaster, who noticed Vitale had been crying as he told his story, explained, "Amando, I'm not with the heavy equipment any more. Perhaps Mr. Egan's the man you should see. I'll call him for you." Mr. Tadcaster called Mr. Egan who agreed to talk with Vitale. Vitale left for Mr. Egan's home where he arrived half an hour later.

EXHIBIT 1

MIDWESTERN MACHINE PRODUCTS COMPANY

PARTIAL ORGANIZATION CHART



AMANDO VITALE (B)*

Sometime later, describing the talk he had with Amando Vitale,[1] when Vitale had come to his home one evening,[2] Robert Egan said, "You could see he had been crying. He told me the same story he had told Richard Tadcaster of how his wife had nagged him for not having a job like his brother-in-law's. I told Vitale that he had let George Murphy down by walking off the job and before I would talk to him about any kind of a job he would have to square himself with Murphy. He could go back on the paint spraying job if Murphy was willing to take him back. Vitale telephoned Murphy from my house. He had tears in his eyes as big as bullets when he asked Murphy for his paint spray job back. Murphy agreed to take him back.

"We made Vitale work for three days on the paint-spraying job until we were caught up. Then we let him go back on his expediting job. About a month later I asked him what he had told his wife about the three days he had spent on the painting job. He replied that he told her Murphy was buried in work in the department and that I had begged him to help out as a personal favor to me."

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[1] All names have been disguised.

[2] See "Amando Vitale (A)."

From *CHRISTIANITY AND HUMAN RELATIONS IN INDUSTRY**

by

SIR GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., M.C.

SOME GENERAL IDEAS

(i) *Mere goodwill is not enough.* . . . The first of these [general ideas] is that mere goodwill is not enough. To find ways for giving effect to Christ's second commandment in the conditions of modern industry is a hard problem. It cannot be solved without patient study and full understanding. It demands the best intellectual effort of which men are capable. And here I turn back once more to Christ's words. The first commandment enjoins the love of God, not only 'with all thy heart, and with all thy soul,' but also 'with all thy *mind*.' When Christ said 'the second is like unto it' I think He meant that these last words applied to that commandment equally with the first. He meant that we must devote all our intellectual ability (all our 'talents') to finding practicable ways and means for fulfilling the love of our neighbor in daily life. And this effort with the *mind* is required not only in working out the best practicable arrangements for the direct handling of human relations in industry. It has another and even more important aspect. The primary duty of those who carry managerial responsibilities is to be efficient at their tasks. This must be regarded as an ethical obligation. The chances of success in creating the material foundations for a satisfactory industrial democracy and in providing good lives for the workers in it depend on the functional efficiency of management. No amount of kind-heartedness will compensate for functional inefficiency.

The importance of this need for intellectual effort cannot be overstated. It is so easy to think that a little human kindness is all that is needed, so easy to feel a warm glow at such a good intention. But the way forward is not easy. It is a hard way, demanding the best work that men can put into it. Kind hearts there must be; but clear heads are needed too.

(ii) *The fulfilment of the commandment must be an end in itself, not a mere means to an end.* My second general point is that good human relations in industry can only be surely founded on the treatment of each individual as a human personality whose welfare in the highest sense must be

*London: The Epworth Press, 1951, pp. 18–20 and 25. Reproduced by permission.

regarded as an end in itself. It is specially necessary to emphasize this point today when, in view of the desperate need to increase production, a new and intensified interest is being focused on all those conditions which affect industrial morale and people's will to work. This increased interest is all to the good, and one can see a bright side to the present emergency in that it has brought about such an awakening. But the interest once aroused must be of the right kind. If managers start now to take a human interest in the workers *merely* in order to improve production results, then they will be both wrong and unsuccessful. They will be wrong because regard for human beings should be seen as an end in itself. They will be unsuccessful because they will be found out. The whole industrial field is bedevilled with suspicions based on past memories. As a result, even the most honest attempts to improve human relations tend to be viewed with mistrust—either as dodges to get something extra out of the workers for the benefit of the profit-makers or as signs of a temporary mood 'produced by force of circumstances rather than a change of heart' (to quote words recently used to me by a trade union leader). If the success of genuine attempts is threatened by suspicion, bogus attempts will certainly fail.

. . . . . .

The Three Foundation Stones for a Good Life. Reducing all my reflections to simple practical terms, my belief is that the conception of good work well done, in conditions of liberty, and in an atmosphere of human love and comradeship, gives a working guide to what is needed to provide the foundations for happiness in the worldly life. At least I see these as the three foundation stones; and, when one who has to direct the work of his fellow men in industrial employment seeks an answer to the question of how he is to behave as a Christian to them, my answer would be that he should do everything possible to enable them to find these three foundation stones for their lives.

THE LINCOLN ELECTRIC COMPANY*

WAGE INCENTIVES

"A $4,100-a-year foreman got $25,000 extra; an $8,000 superintendent got $50,000; a $6,600 vice-president got $50,000 too. All told, $2,071,315 was passed out in bonuses last year—nearly 10% of gross sales, and about 80% of net profits.

"But when the House Naval Affairs Committee finally got the whole story of the Lincoln Electric Co.'s bonus system last week, it looked like something else again. It was, in fact, the story of an eight-year-old wage and production policy established by a Cleveland electrical engineer with a mania for incentive pay. James Finney Lincoln is the biggest maker of electrodes and welding equipment in the U.S., and he likes to intone that 'the labor cost of any product can be reduced to zero' through inciting workers to make continuous improvements in production method and design.

"Since 1934, Lincoln Electric's own operations have been a case history of James F. Lincoln's pet theory. With sales ballooning from $4,273,000 to $24,189,000, and profits rising more slowly from $1,403,000 to $2,583,000, he raised his incentive bonus payments from 10% of net to 80%. This sysetm is worked in conjunction with low base pay compared with going rates for the trade, so as to permit the company—in James Lincoln's words—to 'skate through a tough period without going broke.' Nevertheless the average worker's total pay has gone from $1,996 to $4,879 in the past decade, while the productivity per man has gone from $6,107 to $25,025. And a Lincoln welding electrode that sold for 16¢ a lb. in 1929 now sells for 4.8¢ per lb.

"Ninety per cent of Lincoln's whopping bonuses go to the men behind the machines and, to make them still more profit-conscious, they have been permitted to buy 30% of the company's stock."[1]

. . . . . .

"*The Beloved Profiteer.*—Tall, white-haired James Finney Lincoln of Cleveland is a hard man to his foes—and a gold mine to his employees.

* Cleveland, Ohio.

[1] Reproduced by permission from *Time*, Vol. XXXIX, No. 23 (June 8, 1942), pp. 82 and 84.

His obsession on incentive pay has led him into one head-on collision after another with the U.S. Treasury, the U.S. Navy, and even the U.S. Congress (*Time,* June 8, 1942). But it has also been responsible, he unshakably believes, for making his Lincoln Electric Co. the world's biggest, lowest-cost producer of electric welding equipment.

"Last week James Lincoln backed his pet economic theory with a smacking $3,000,000 annual bonus that will give every Lincoln employee, on the average, about as much as he has already drawn for the year (average per worker: $2,250). This will also add up to $50,000 on the pay checks of a few key men."[2]

. . . . . .

"*Development of Your Company.*—Your Company was established in 1896 by one man, J. C. Lincoln, now Chairman of the Board of Directors and Treasurer, with a capital of $150. From this modest beginning, the Company has grown until today it is the largest manufacturer of arc welding equipment in the world. It has an international reputation and its products are sold and used in practically every civilized country.

"From the original location at the corner of Frankfort and West 3rd Streets, with approximately 300 square feet of floor space, the Company moved to the corner of Ontario Street and St. Clair Avenue and from there in 1908 to the corner of East 38th Street and Kelly Avenue. In 1923 the Company moved to its present location. Since that time, repeated expansions have been necessary from time to time. To allow for still further development, the Company owns the land extending from Plant 2 to Eddy Road between Kirby Avenue and the New York Central Railroad tracks.

"Through its period of growth and along with the steady development and need for its products, the Company has established wholly-owned subsidiaries with factories in England, Australia, and Canada. In addition, its electrodes are also produced under arrangement with companies in Mexico and Argentina. The Company maintains over 30 direct sales offices, with dealers and agencies in all principal cities of the United States and Pan America. During this growth, the number of Lincoln workers has increased many fold. The value of its production has greatly increased even though its selling prices have been continuously reduced.

[2] Reproduced by permission from *Time,* Vol. XLII, No. 25 (December 20, 1943), pp. 84 and 86.

"Leadership in Arc Welding.—The Company has constantly improved its established products and has pioneered in the introduction of numerous new products which have been significant contributions not only to the welding industry, but to industry in general. The introduction of the variable voltage single operator type generator in 1915 radically changed the then existing equipment and today practically all welding machines are of that general type. The commercial introduction of Fleetweld electrode in 1929 introduced to the world shielded arc welding. This development opened an unlimited number of new fields for the use of welding and today practically all welding is of that type. The Company now produces arc welding equipment of every type and size essential for arc welding. The number of different electrodes manufactured makes it possible to weld all of the metals used to any extent in industry.

"The Company early realized that its further growth depended on the growth of the welding industry and consequently has led the field in its educational work as well as in the pioneering of welding applications.

"Your Company's Industry.—Lincoln workers have designed and produced the best products of their type in the world at the lowest cost, in addition to educating industry to the use of welding. The process of arc welding has developed from a laboratory experiment to one of the major tools of modern industry. The effort of Lincoln workers to reduce the costs and consequently the selling price of Lincoln products has materially assisted in making the inherent advantages of the arc welding process more widely available to industry. Only a few years, relatively, have passed since the arc welding process was first used to repair imperfect steel castings by filling up cracks and blow holes with weld metal. Today the electric arc is in use in practically every industrial plant which manufactures or uses metal products or structures.

"Vital in arming the nation for war, or producing peacetime products, arc welding has had a pronounced effect on the social, economic, and commercial life of people throughout the world. Because of its ability to reduce costs and speed production of all types of metal products, machines, and structures, this process has helped to transform luxuries into commonplace necessities. In accomplishing this, arc welding has actually created new industries and provided untold opportunities for employment.

"Unlimited Future.—Although it has experienced tremendous development, arc welding has actually only begun to grow! It is used in

perhaps only one out of four or five possible applications where it could be used to advantage. Every product and structure of metal can be arc welded, creating future development which is virtually unlimited.

"The basic philosophy which has guided your Company to its present position among industrial concerns and which has produced the many benefits for the Lincoln worker is aptly expressed by Mr. J. F. Lincoln, President and General Manager, in the Preface to this book, which on account of its importance is repeated here:

> 'It is the job of the Lincoln Electric Company to give to its customers more and more of a better and better product at a lower and lower price. This will also make it possible for the Company to give to the worker and the stockholder a higher and higher return.'

. . . . . .

"*How the Lincoln Philosophy Benefits You.*—Every Lincoln worker enjoys benefits which the Company believes are directly traceable to this Lincoln philosophy. Among these benefits are:

"Pay.—Lincoln workers are among the highest paid factory workers in the world. . . .

"The Opportunity for the Individual.—Most important to the individual is the continuous desire of the entire organization for improvement. This means that one's efforts to progress are carefully watched and his competitive spirit encouraged. No obstacle such as seniority bars his way. The more he uses his initiative and the more he contributes to the Company's success, the greater his reward in advancement and responsibility.

"Employees' Stock Purchase Plan.—The Lincoln worker is also the owner. For many years every worker who has been continuously employed for one year or more has been privileged to buy stock in the Company. Under this type of organization the worker works not only for his wage, but also to benefit himself as owner. . . .

"Group Life Insurance.—Since 1915 the Company has placed and paid for a regular life insurance policy on each employee 60 days after his employment. This policy is the equivalent of a year's wages, not exceeding $2,000, payable to whomever the employee elects.

"Vacations.—In 1923 a policy of granting vacations with pay was established. At that time, this was a radical departure, your Company being one of the first in the nation to establish such a program.

"The Suggestion System.—To give all workers an extra opportunity to receive cash awards for valuable ideas which improve and develop their Company and its products led, in 1929, to the establishment of a suggestion system. Any suggestions that offer new methods or new products, new ways to eliminate waste, safer manufacturing methods, better sales ideas, or any other kind of progress may be submitted for possible cash rewards.

"Employees' Association.—The objects of the Lincoln Electric Employees' Association formed in 1919, are to provide a co-operative group apart from the management to promote social and athletic activities among the workers and to provide benefits for sickness and injury, and in addition sponsor an annual dinner dance, annual summer picnic, and other events. . . .

"Financial Stability.—The Company has had a long history of financial stability and success. It has paid dividends to its shareholders every year since 1917. . . . This means that the Company is healthy and progressive in a financial sense which is important to the worker for it insures future growth of the Company and stability of employment.

"*The Advisory Board.*—An Advisory Board was formed in 1914 to give the Company the benefit of every worker's intelligence in the management and advancement of the Company. This Board has advisory jurisdiction over all subjects concerning the employees. It is made up of one elected worker from each department. To this Board's helpful advice are due many of the benefits which accrue to the workers at the Lincoln Electric Company. . . .

"*A Reputation to Maintain and a Standard to Keep.*—Lincoln workers are known as great producers. The production per man per year in similar companies is much less than by Lincoln workers. . . .

"It is from this productivity that the benefits previously named come. Without such productivity these benefits would be impossible. Each worker is expected to maintain the standards set by his co-workers and his Company."[3]

. . . . . .

"*Started in a Basement.*—The Lincoln Electric Company was started in1896 in the basement of his brother, John C. Lincoln, on $150 of borrowed capital, which was promptly paid back. The original business was winding armatures. Brother John C. was and is considerable of an

[3] Reproduced by permission from *Employees Handbook* (Lincoln Electric Co., Cleveland, Ohio: 1943), pp. 5–12.

electrical genius. He developed a motor in which you gain higher speeds by partially withdrawing the armature from the field. He sold this invention, and it became the beginnings of the Reliance Electric and Engineering Company of Cleveland, still in business.

"But, in 1913, John C. Lincoln's health broke down. The younger brother had not been idle. He had saved his salary, repaid the money borrowed to put him through college and had bought a little stock. He was a pretty good salesman. But, in 1913, he was catapulted into the job of being the big boss. The company then was doing about $50,000 a year.

"What happened then was so beautifully simple it became a classic. James F. Lincoln remembered the working system of a college football team. The quarterback calls the signals but relies on the co-operation of all the team. He knew very little of manufacturing. What was worse, every man in the company understood the new boss's limitations. It was a time for frankness and honesty. That was it—plain, old-fashioned Lincoln honesty.

"Lincoln talked personally with the department heads of his little company. The men themselves selected one man from each department to work with him as a management committee, meeting every other Monday and discussing the firm's problems and opportunities. This was 1914. That committee still meets with him every other Monday. And the big boss still listens to the opinions of the men in overalls."[4]

. . . . . .

"*Duties of the Advisory Board.*—(5) The duties of these representatives shall be to bring up and discuss the grievances and complaints of those whom they represent, to make suggestions regarding the improving of working conditions, and to pass upon plans for the welfare and safety of the employees in this plant. This elected board shall be empowered by the employees to represent them in dealing with the management in any matters necessary, due to changing conditions affecting the employees or management."[5]

. . . . . .

"Innocent of manufacturing experience, he [J. F. Lincoln] wanted the help of men in the plant. 'I had one fundamental idea,' he explains. 'If I could make those men as anxious to make the business succeed as

[4] Reproduced by permission from *Nation's Business*, Vol. XXX, No. 7 (August, 1942), p. 40.

[5] Reproduced by permission from *Employees' Handbook*, p. 21.

I was, I knew it would succeed.' Each department elected a man to meet with Lincoln every two weeks on an Advisory Board. The arrangement still holds. From the beginning this board has performed the duties of the labor-management committees, which have been set up elsewhere with such fanfare since the war. For his services each member receives $100 a year. Departments elect members each month in rotation so that the board changes gradually. Only employees of two years' service are eligible, and no member can serve more than two consecutive terms. The board now includes two elected foreman representatives and two representatives of women workers. Two superintendents and the personnel director also attend and there are usually 25 persons at the sessions over which Lincoln, in shirt sleeves as usual, presides every other Monday.

"As a result of the board's activities, hours of work were decreased from 55 to 50 a week, wages were increased 10 per cent, and the present piecework system installed as early as 1914. Employees now earn a basic hourly wage equal to the community average for their type of work. The average basic earnings in the factory are now $1 an hour, an increase of 16 cents since 1940. Piecework rates are established by time-study men who have worked in the factory, and are guaranteed by the company. They can be changed only by distinctly changing the job. If a worker thinks his rate too difficult, he can challenge it and a time-study man will work at the job for a day. The rate made by him becomes the new rate. As early as 1915, lives of all employees were insured for a year's wages at no cost to the employee. Paid vacations for all, a novelty in some plants in the 30's, began in 1923. Stock was sold to employees beginning in 1925. Though their holdings are probably less than 15 per cent of the total, 350 of the plant's normal 700 rank-and-file workers are stockholders.

"Since 1929, a suggestion system has paid employees other than time-study men and engineers half of a year's savings resulting from any change they suggest. Not only is this unusually generous, but an employee has the choice of applying the idea to his own job and taking his money in increased earnings. Two men on a temporary assembly job recently devised a gadget enabling them to earn $4 an hour and to do in two a job expected to require six weeks. The company is conducting a special competition for suggestions for postwar products."[6]

. . . . . .

[6] Reproduced by permission from *Fortune*, Vol. XXIX, No. 2 (February, 1944), pp. 196 and 198.

"Great as American industry is, it leaves largely untapped its greatest resource, the productive power, initiative and intelligence latent in every person. The prophet states it—'Thou madest him to have dominion over the works of thy hand.' That conception is a far cry from the normal evaluation of man by his contemporaries. Truly man is so made but our industrial system does not now fully develop these abilities.

"There have been many who have guessed what the result would be if a large, intelligently led, enthusiastic organization should use the powers latent in all the individuals to a common end. What would happen when all are equally anxious to produce a product at the lowest possible cost? What would happen when all want to make the wages of all workers, from sweeper to manager, a maximum? What would happen when all want to make the company profitable since it is largely owned by the workers in it?

"This cannot be done by human beings except by the exploitation of the driving force fundamental in all of us, namely, selfishness. Selfishness has a bad reputation but that is because of a narrow conception as to what it really is. No program involving the human race developed as it has been through the ages on the concept of the 'survival of the fittest' can be founded on any other principle than selfishness. The only necessary corollary to this principle to make it attractive, helpful and satisfying to all concerned is to make this selfishness intelligent. The greatest heights we attain as humans—patriotism, parenthood and friendship, are all based on this same human trait—selfishness."[7]

. . . . . .

"*Suggestions.*—Perhaps the following comments may be valuable in helping others to put in the same or a better method of arousing the intelligent selfishness of their own workers:

"(1) Management must be able to lead the organization in the direction of more efficient methods as fast as the method can be absorbed by the organization. This will be found to be the chief difficulty in most plants.

"(2) Management and men are 'fellow workers.' Neither is superior but each is responsible for their part in the result. Of course, management's direction is unquestioned and enthusiastically followed. Consequently, management must be made up of the best managerial ability in the organization. When a man with new managerial ability arises he is recognized. When one who is a manager slips he is eliminated. Ac-

[7] Reproduced from J. F. Lincoln, *Intelligent Selfishness and Manufacturing* (Cleveland, Ohio: Lincoln Electric Co., 1943), p. 1.

complishing the elimination may give some trouble both in understanding and in doing in some organizations. Management must be able to stand on its record and be accepted *by all the workers* as being fair, able and intelligent.

"(3) A factory worker cannot express his ideas as well as a trained man of the world but he has them just the same. Management must be able to see, select, grade, and apply these ideas accurately and fairly.

"(4) The goal of the organization must be this—to make a better and better product to be sold at a lower and lower price. Profit cannot be the *goal.* Profit must be a *by-product.* That is a state of mind and a philosophy. Actually an organization doing this job as it can be done will make large profits which must be properly divided between user, worker and stockholder. That takes ability and character.

"(5) It must be kept in mind at all times that this is a natural working out of our inherent selfishness. The only difference between the Lincoln Electric Company and the usual industry is that in this case the selfishness is more nearly intelligent. A sneak thief is selfish but not intelligent. The civil war called 'collective bargaining' is selfish but not intelligent. The exploiting of workmen is selfish but not intelligent. The practice of raising prices in a seller's market is selfish but not intelligent. The charging of 'All the traffic will bear' is selfish but not intelligent. War is selfish but not intelligent. The only difference between these acts and the program explained herein is that these acts are stupidly selfish and the activities outlined herein are intelligently selfish. When we as a nation adopt this principle of intelligent selfishness into our philosophy of life and industry we will have stopped unemployment of the employable, stopped poverty for the able-bodied, and, what is more, we will have gone far toward the elimination of misery no matter how caused."[8]

. . . . . .

"Short cuts on a Lincoln product start before it comes into existence. In most companies a new design is born on a drawing board. The drawings then go to shopmen who follow the specifications in making an experimental model. This may be modified and more drawings and models required. 'We have taken design engineers out of the front office and put them to work,' boasts Chief Engineer Landis. 'The first model is made in the shop, not on paper. After this has been looked over, three or four models are produced and tested. Drawings and specifications are

[8] *Ibid.*, p. 9

then made. The system encourages shopmen to think and not just follow instructions. Engineers are prevented from designing products that are impractical to manufacture."[9]

. . . . . .

"Men don't willingly quit the company. Of 260 employees of 10 years ago, 203 are still on the payroll."[10]

. . . . . .

"Absenteeism, which is calculated on the basis of workers out regardless of reason, is at the low rate of 1.5 to 2 per cent, compared to 5.42 per cent of 25 plants surveyed by the National Association of Manufacturers."[11]

. . . . . .

"Lincoln Electric has had no labor troubles. There is no union. Once upon a time a union organizer handed out leaflets at the factory door. There would be a mass meeting the next noon, he said, in the small outdoor park facing the factory. The meeting took place as scheduled. The speaker began his remarks. Suddenly from a near-by spot a workman started testing a gas-operated generator, with muffler removed. He shorted the machine and made his reading, keeping hands on the controls while he carefully studied the dials. Not a word was spoken. The orator blasted away, the workman tested the machine, and the audience laughed. Finally the speaker folded up his briefcase and drove away. He never came back.

"The company management did not hear of the incident till days later. What had happened had been an act of policing from the workmen themselves."[12]

. . . . . .

" 'A Very, Very Rugged Individualist' "[13]

"Here [Exhibit 1] is one of the most impressive, not to say utopian, corporate records ever put on paper. James Finney Lincoln of Lincoln

[9] Reproduced by permission from *Fortune, loc. cit.*, pp. 200 and 203.

[10] Reproduced by permission from *Nation's Business, loc. cit.*, p. 79.

[11] Reproduced by permission from *Fortune, loc. cit.*, p. 200.

[12] Reproduced by permission from *Nation's Business, loc. cit.*, p. 80.

[13] Reproduced by permission from *Fortune, loc. cit.*, p. 144.

EXHIBIT 1*

Year	(1) Sales	(2) (Price 300-Amp. Welder)	(3) (Price 3/16" Fleetweld Electrode)	(4) Base Pay of Those Getting Bonus	(5) Bonus	(6) Percentage Base Pay Plus Bonus to Sales	(7) Total Average Annual Compensation (Est.)	(8) Percentage of Bonus to Base Pay	(9) Net Income before Taxes	(10) Dividend per Share	(11) $ Output per Worker (Est.)
1934...	$ 4,000,000	$650	11.0¢	$ 588,400	$ 131,800	18	$2,000	22	Not available	$2.50	$10,000
1935...	5,200,000	645	8.0	754,300	226,500	19	2,500	30	Not available	4.50	11,500
1936...	8,200,000	570	7.5	862,800	436,400	16	3,100	51	Not available	6.00	17,500
1937...	11,300,000	570	7.5	1,055,300	672,800	15	3,700	64	$2,984,700	6.00	20,000
1938...	7,200,000	520	6.2	808,900	211,900	14	2,300	26	1,605,500	4.50	13,000
1939...	9,900,000	460	5.9	997,200	495,700	15	3,100	50	2,460,000	6.00	16,000
1940...	13,600,000	435	5.4	1,295,000	980,700	17	3,800	76	3,239,800	6.50	19,000
1941...	24,000,000	415	5.4	1,860,700	2,071,300	16	4,900	111	5,720,900	8.00	25,500
1942...	33,500,000 †	415	5.3	2,748,000	2,961,700	17	5,400	108	9,007,500 †	6.00	28,000
1943...	33,460,000	360	5.3	2,901,700	3,180,100	18	5,500	110	(est. 9,000,000)	6.00	27,000

* Source: *Fortune*, Vol. XXIX, No. 2 (February, 1944), p. 144.

† Before renegotiation.

Electric, the man who made it, is described by an admirer as a 'very, very rugged individualist.' As the accompanying article reveals, the description has a certain adequacy. In 10 years, Lincoln has approximately halved his price level (2 and 3), more than tripled net income before taxes (9), more than doubled dividend rate (10), and more than doubled the average annual wage (7). Lincoln explains his achievement almost exclusively in terms of this wage increase; by paying unheard-of-bonuses (5)—sometimes more than the basic wage—he believes he has stimulated the 'normally unused abilities of the worker' and so increased productivity threefold (11).

"This beautifully pat analysis, however, is not the whole story. Lincoln's volume (1) has ascended steeply; and increased volume generally is accompanied by improved techniques, decreased costs, increased worker productivity. His war-swollen volume is what the navy had in mind when it asked to renegotiate his contracts (the navy also feels high profits are inappropriate in wartime). Lincoln is in an expanding industry that did not hit its stride until the middle 30's; prices were due to fall, Lincoln or no Lincoln.

"Yet Lincoln, as shown [in Exhibit 1], paid huge bonuses when volume was still modest. Prices doubtless would have fallen much more slowly had Lincoln not led the way. A competitor has remarked that he makes the same products, uses equivalent machines, hires high-class help but cannot show anything like Lincoln's profits. In short, the Lincoln incentive system must not be undervalued. And whatever his motivation, whatever the precise explanation of his magnificant performance, James Finney Lincoln, who has nothing to do with unions, has nevertheless shared the fruits of that performance with his employees on a scale probably unique in industrial history."

QUESTIONS

1. What do you think of the following statement: "The greatest heights we attain as humans—patriotism, parenthood and friendship, are all based on this same human trait—selfishness"?
2. What do you think is meant by the statements, "Management and men are 'fellow workers.' Neither is superior but each is responsible for their part in the result. Of course, management's direction is unquestioned and enthusiastically followed"?
3. How do you interpret these statements: "The goal of the organization must be this—to make a better and better product to be sold at a lower and lower price. Profit cannot be the *goal.* Profit must be a *by-product*"?

4. What, would you suppose, would be the reaction of Professor J. H. Jones[1] and P. Lecomte de Noüy[2] to the three statements above? Where, on Arthur Koestler's "spectrum"[3] would you place the philosophy and attitude reflected in these three quotations?
5. What is *your* reaction, at this time, to the quotations in Questions 1, 2, and 3 above?

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[1]Author of *The Structure of Industry* (see excerpt, pp. 139–40).
[2]Author of *Human Destiny* (see excerpt, p. 149).
[3]See excerpt from *The Yogi and the Commissar,* pp. 135–38.

OBSERVATIONS ON THE LINCOLN ELECTRIC COMPANY*

I

In February, 1946, two members of the Faculty of the Harvard University Graduate School of Business Administration, having read much published material concerning the Lincoln Electric Company of Cleveland, Ohio, some of which material is reproduced in the preceding case, "The Lincoln Electric Company," decided to pay a visit to the company. Both of these men felt that, interesting as the published material was, it probably did not contain the whole explanation of the success of the Lincoln Electric Company. These two men especially wanted to have the opportunity to talk with Mr. James F. Lincoln, president of the company. Furthermore, both felt that firsthand observation would be invaluable not only for confirming—or rejecting—published reports, and for obtaining further insight into the reasons for the company's success, but also for procuring additional background for teaching the subject "Administrative Practices." In the following pages are recorded some of the aspects of the management which struck these two Faculty members as probably being of importance in the development of the Lincoln Electric Company. It should not be concluded, however, that these Faculty members believe that *their* observations, alone or taken with other published information, necessarily provide the whole explanation of the success of the Lincoln Electric Company.[1]

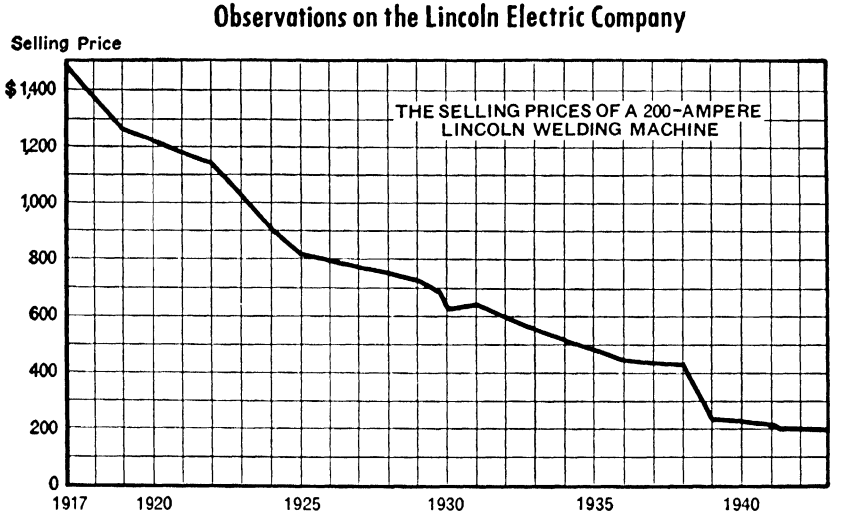
II

During the recent war, the Lincoln Electric Company found itself in a position of considerable notoriety because of its record in increasing production, lowering cost and prices, and paying extraordinarily high wages to its workers. The Lincoln Electric Company management took very great pride in its achievement, and believed that other companies could improve their own records, if not equal that of Lincoln, if they would adopt Lincoln Electric's management philosophy. Some insight

* Cleveland, Ohio. Copyright, 1947, by the President and Fellows of Harvard College. Reproduced by permission.

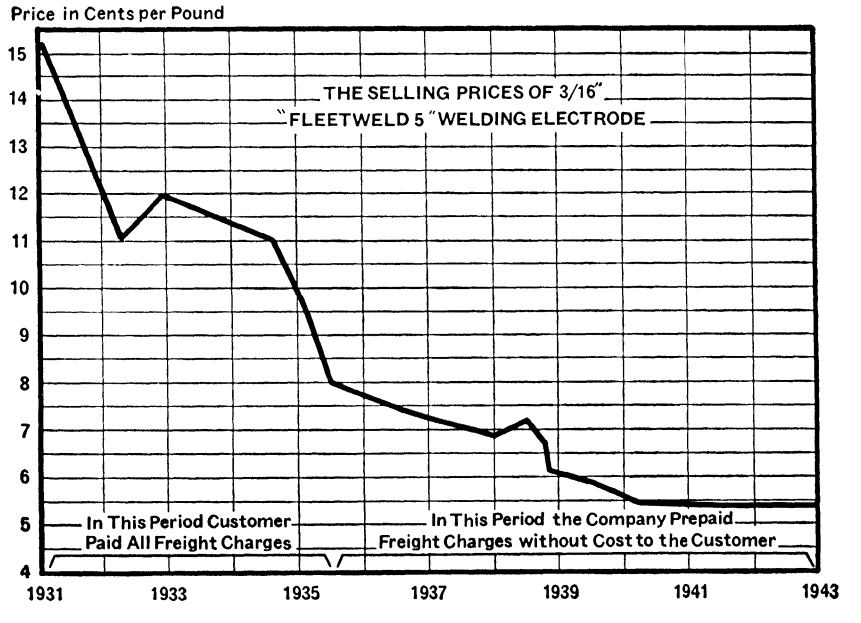
[1] For further background see James F. Lincoln, *Lincoln's Incentive System* (New York: McGraw-Hill Book Co., 1946).

EXHIBIT 1*



* Exhibits 1–11 have been adapted from material produced and copyrighted by the Lincoln Electric Company. Reproduced by permission.

EXHIBIT 2



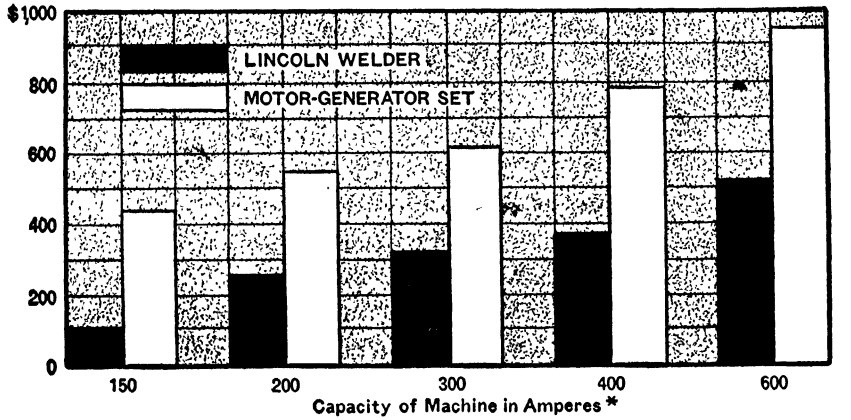
into this philosophy may be had through the published material collected in the case "The Lincoln Electric Company."

A statistical view of some of the accomplishments of the organization is given in Exhibit 1 of the preceding case (p. 559). In the present case are shown certain charts published by the company in a pamphlet entitled *"Intelligent Selfishness and Manufacturing."*[2] These charts record a factual picture of the attainments of this company, which back-

EXHIBIT 3

Observations on the Lincoln Electric Company

SELLING PRICES OF LINCOLN WELDERS COMPARED WITH THE SELLING PRICES OF STANDARD MOTOR-GENERATOR SETS OF EQUAL CAPACITY MADE BY A SUCCESSFUL ELECTRICAL MACHINERY MANUFACTURER



* Ratings are welder ampere ratings. Motor-generator sets have equivalent current output at similar voltage.

Welders have special controls which are not ordinarily used on motor-generator sets. To obtain accurate comparisons of similar equipment the proportional cost of the controls has been removed from the selling price of the welder.

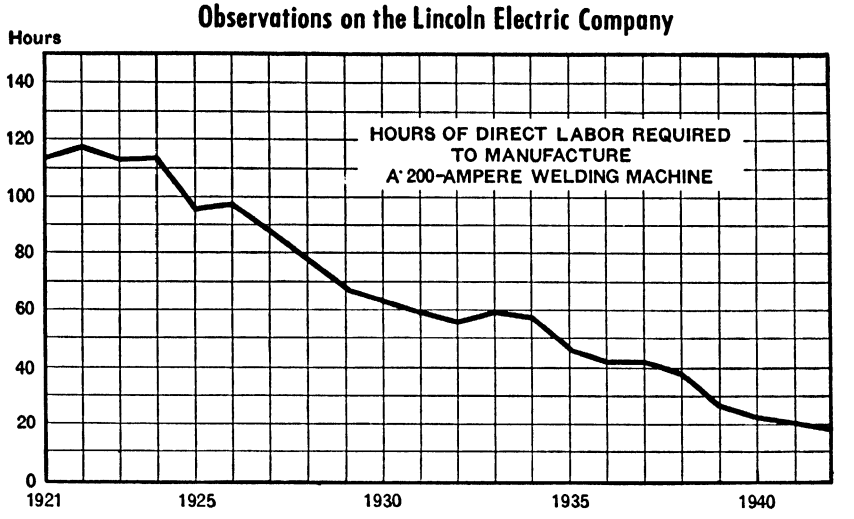
Source: A certified public accountant in the city of Cleveland.

ground should be borne in mind as the reader progresses through the remainder of this case.

Exhibit 1 shows the trend in the sales price of the Lincoln 200-ampere welding machines. Exhibit 2 shows the trend in the sales price of Lincoln's $\frac{3}{16}$" "Fleetweld No. 5" welding electrodes. The company was especially proud of its ability to reduce, or hold constant, these sales prices in face of wartime increases in material costs. Exhibit 3 shows a

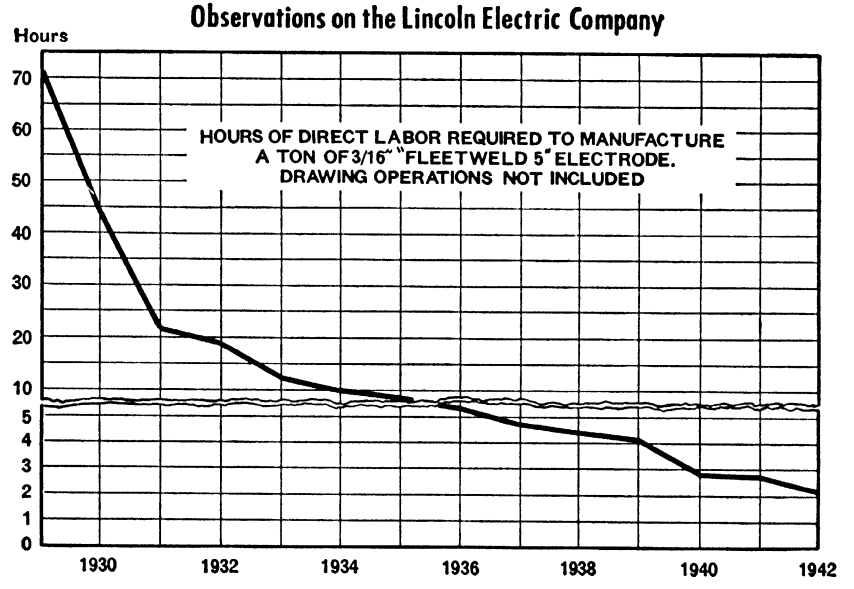
[2] These charts, including the legends and notes which accompany them, are reproduced with the permission of the Lincoln Electric Company.

EXHIBIT 4



comparison of the sales prices of complete Lincoln Electric welding units (which included along with controls, housings, etc., motor-generator sets of indicated rated output) with prices of single motor-generator sets

EXHIBIT 5



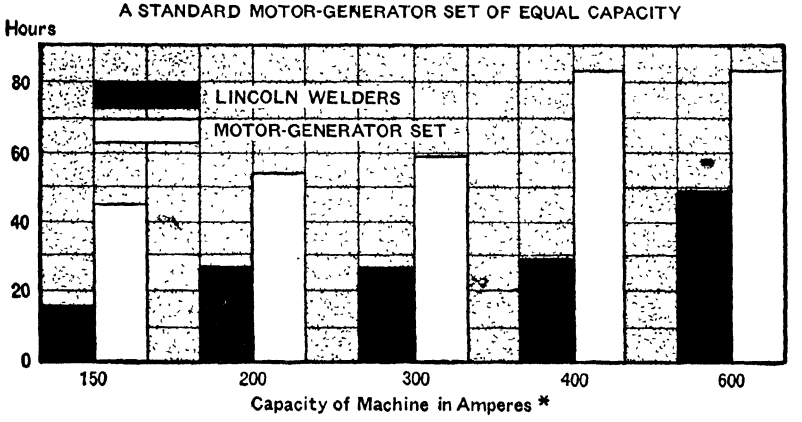
of corresponding rated output sold by a manufacturer of electric motors and machinery.

Some idea of labor productivity at Lincoln Electric is conveyed by Exhibits 4 and 5. The trend of hours of direct labor employed in the manufacture of 200-ampere welding machines is shown in Exhibit 4.

EXHIBIT 6

Observations on the Lincoln Electric Company

HOURS OF DIRECT LABOR ON VARIOUS TYPES OF WELDING MACHINES COMPARED WITH THE HOURS OF A SUCCESSFUL MANUFACTURER OF A STANDARD MOTOR-GENERATOR SET OF EQUAL CAPACITY



* Ratings are welder ampere ratings. Motor-generator sets have equivalent current output at similar voltage.

Welders have special controls which are not ordinarily used on motor-generator sets. To obtain accurate comparisons of similar equipment the hours of labor in manufacturing these controls are not included.

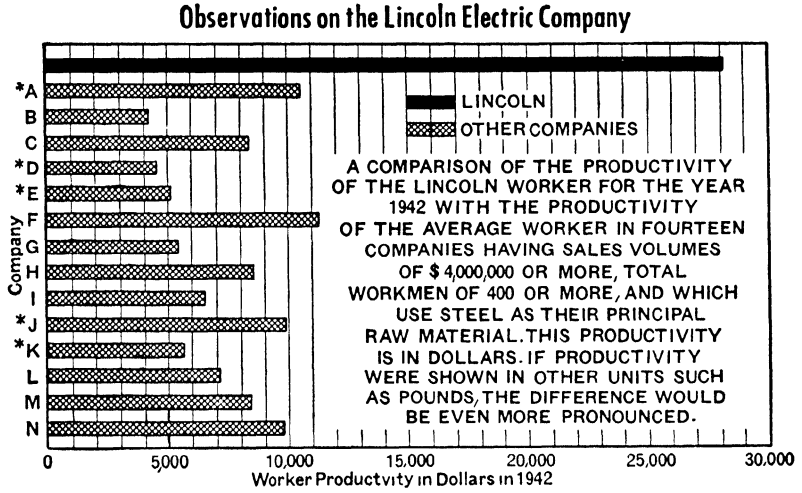
Source: A certified public accountant in the city of Cleveland.

The trend of direct labor hours required to manufacture (excluding drawing operations) a ton of $\frac{3}{16}$" "Fleetweld No. 5" welding electrode is shown in Exhibit 5. The decline in direct labor requirements to manufacture these two typical Lincoln Electric products resulted from a combination of improved methods, improved design, increasing skill and dexterity of the workers, and the response of workers to the incentives of high weekly take-home and annual profit-sharing bonuses.

Some notion of the comparative productivity of Lincoln workers is conveyed by Exhibit 6, which shows the numbers of hours of direct labor used in the manufacture of complete welding units by Lincoln (including motor-generator sets) as compared to the hours of direct labor used

by a manufacturer of motor-generator sets having rated capacity corresponding to Lincoln welding units. Exhibits 7 and 8 also relate to worker productivity. Exhibit 7 shows "productivity," in terms of total dollar sales divided by the number of workers, for the Lincoln Electric Com-

EXHIBIT 7



Worker productivity equals total sales in dollars divided by average number of employees.

COMPANY A: Machine Tool Mfr.
COMPANY B: Auto and Aircraft Parts Mfr.
COMPANY C: Gas Welding Supplies Mfr.
COMPANY D: Electrical Equipment Mfr.
COMPANY E: Electrical Equipment Mfr.
COMPANY F: Auto Mfr.
COMPANY G: Auto Part Mfr.
COMPANY H: Auto Part Mfr.
COMPANY I: Electrical Equipment Mfr.
COMPANY J: Machine Tool Mfr.
COMPANY K: Domestic Furnace Mfr.
COMPANY L: Auto Mfr.
COMPANY M: Machine Tool Mfr.
COMPANY N: Gas Welding Supplies Mfr.

* 1942 figures not available. Latest figures (1940 or 1941) used.

Source: *Moody's Industrials* (1942).

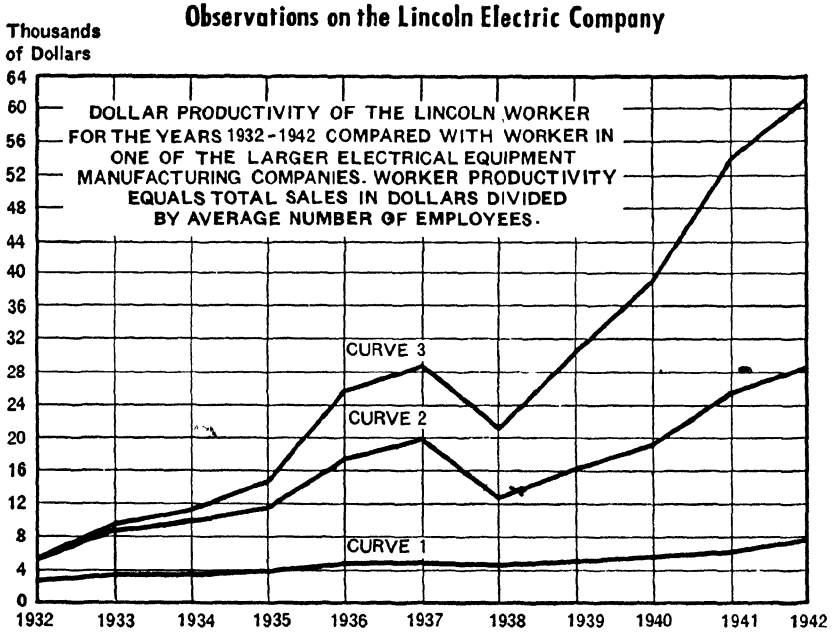
pany and a number of other companies having a sales volume of more than $4,000,000 annually, employing more than 400 workers, and using steel as their principal raw material.[3] Exhibit 8 shows for a 10-year period dollar value of sales divided by number of workers, for Lincoln Electric and one of the larger manufacturers of electrical equip-

[3] NOTE BY J. D. G. AND R. M. H.—A somewhat more exact measure of productivity would be, of course, "value added by manufacture," which itself is subject to qualification as a measure of labor productivity.

ment. "Curve 3" on this chart shows what the figure of value of sales divided by the number of workers would have been, had Lincoln achieved

EXHIBIT 8

Observations on the Lincoln Electric Company



CURVE 1.—Dollar productivity of worker in large electrical equipment manufacturing company where selling prices remained approximately constant.

CURVE 2.—Dollar productivity of Lincoln worker where, through worker efficiency, costs and selling prices were steadily reduced.

CURVE 3.—Dollar productivity of Lincoln worker with prices stationary at 1932 level, as was the case in Curve 1.

These curves show the remarkable effect of proper use of incentives.

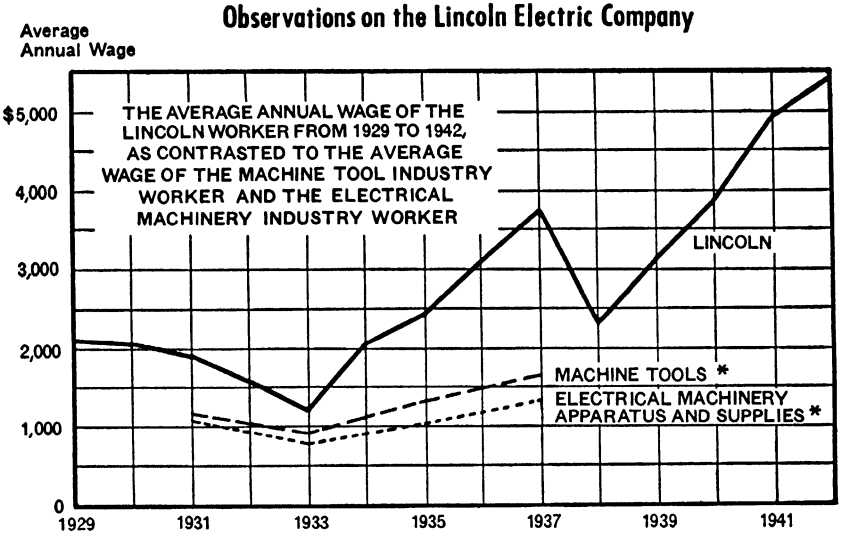
It should be noted that due to increased productivity of Lincoln workers the cost and selling prices of Lincoln products were steadily reduced in the face of generally rising prices. (Exhibits 1–2, p. 563.) These lowered selling prices widened the market and were a potent factor in the development of the welding industry.

In 1938 and 1939 the number of workers remained fairly constant but worked less hours. This, plus decreased selling prices, accounts for decrease in yearly productivity per worker for those years.

the same unit sales volume at 1932 prices instead of at the actually lower prices.

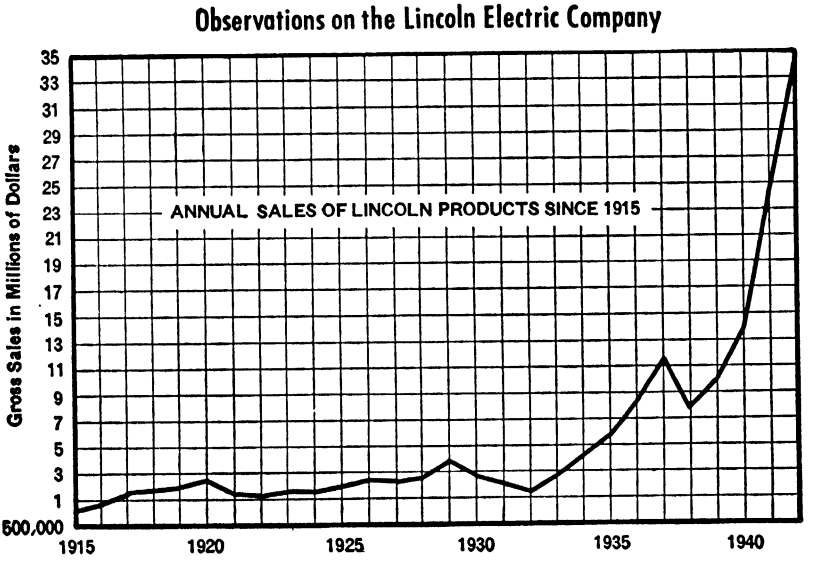
A graphic picture of the average annual wage of Lincoln Electric workers, as compared to workers in the machine tool and electrical ma-

EXHIBIT 9



* Source: *Statistical Abstract of the United States* and *Census of Manufactures* (U.S. Dept. of Commerce). Industry figures available only for the years shown.

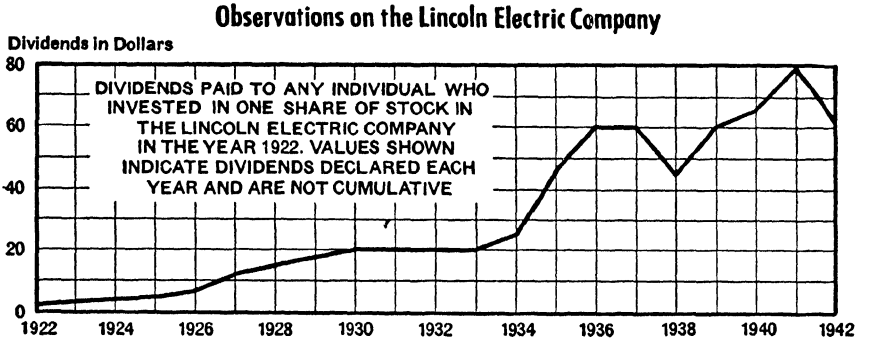
EXHIBIT 10



chinery, apparatus, and supplies industries is provided by Exhibit 9. The dollar value of annual sales of Lincoln Electric from 1915 to 1942

is shown in Exhibit 10. The dividends paid over the years on one share of Lincoln Electric Company stock held in 1922 are shown in Exhibit 11.

EXHIBIT 11



III

While the incentive wage plan, under which the company had operated since 1934, had received considerable notice in many technical and popular journals, Mr. J. F. Lincoln emphasized to his visitors from the Harvard Business School that such success as the company had had was due to no simple formula alone; for, while he recognized the importance of the incentive wage system, Mr. J. F. Lincoln insisted that it was only one of a number of factors which had made the record of the Lincoln Electric Company possible.

The incentive wage system of the Lincoln Electric Company, which was in effect in early 1946, evolved from a bonus which was first paid in 1934. This bonus came about as the result of a suggestion made by a member of the Advisory Board (see below) that a profit-sharing bonus might be helpful as an incentive to increase production. Mr. Lincoln, in reminiscing, conceded that his first reaction to this proposal was not one of great enthusiasm. However, he eventually decided that the proposal might be adopted on an experimental basis. The workers were informed of the proposal, and they were further told that it would be possible to distribute any significant amount to labor as its share in the profits, only if, *through increased productivity,* there were a reduction in direct labor costs. Mr. Lincoln said he stressed at that time, as he has done ever since, that such a share in the profits, if this sort of system is to work effectively, *must* be regarded both by the workers and by management as something which the workers have *earned* and not as something dis-

pensed by the management as largesse. It was expected in 1934 that the average bonus distributed to the workers certainly would not exceed $50. However, at the end of that year, after allowing for "seed money" to be left in the enterprise and for a reasonable return on the invested capital, the average bonus received by the Lincoln workers was about $350. With some modifications the profit-sharing incentive system was regularly continued at the Lincoln Electric Company.

While the average weekly payments received by Lincoln's workers were said by Mr. Lincoln to be about the same as the average weekly take-home of workers in the Cleveland area, the annual wage received at Lincoln was very large because of the magnitude of the year-end profit-sharing incentive bonus. It was an explicit objective of the company to make it possible for the workers to earn, over the year as a whole, more than the normal weekly wage, by inducing them, and making it possible, to work more rapidly and proficiently than the average worker elsewhere was thought to do. In large measure, the company's relations with the workers were in terms of nurturing and encouraging a striving on the part of each worker to produce at the highest rate of which he was capable, and to contribute whatever he could in his job to the organization profits in which he would share, to the end of maximizing his own income.

The year-end bonus, which was based on the company's profits, was usually quite substantial. After reasonable dividends of the stockholders had been computed and "seed money" set aside, the balance of the company's earnings was distributed to the employees. The individual employee's portion of this aggregate was largely governed by the score attained by him in his rating by his foreman. The sheet used for rating factory workers is reproduced in Exhibit 12 (p. 572). It will be noted that out of one thousand possible points, according to this rating sheet, five hundred points were related to the worker's qualities as a worker: quality of work, quantity of work, and job knowledge. Five hundred points were allocated to "Potentiality" for growth and development into supervisory capacity. The bonus to be received by Mr. Lincoln's immediate subordinates was determined by Mr. Lincoln personally, and generally was appreciably larger than their base annual salaries. While Mr. Lincoln did not always himself fix the exact share in the bonus to be received by each worker, as based on the rating received from the foreman, it was a matter to which he usually gave close personal attention.

In Mr. Lincoln's words, it is not enough to establish an incentive wage system, which in the case of his company, included profit-sharing;

EXHIBIT 12

NAME.....CLOCK NO.....TOTAL POINTS.....DATE.....DEPARTMENT.....

( ) I. QUALITY OF WORK—Appraises employee's performance in meeting established standards.

200 (1). Consistently excellent job, rejects rare.
175 (2) Usually excellent job, rejects rare.
150 (3) Good job most of time. Seldom makes mistakes.
125 (4) Only fair job on average.
100 (5) Work usually passable, but bears watching.
O–75 (6) Only gets by, careless, often makes mistakes.

( ) II. QUANTITY OF WORK—Appraises employee's productivity of satisfactory work.

200 (1) Very fast, consistent, high production.
175 (2) Fast and consistent production.
150 (3) Above average production.
125 (4) Average speed and production.
100 (5) Only fair speed and production.
O–75 (6) Slow and low production.

( ) III. JOB KNOWLEDGE—Appraises employee's experience and how well he knows job.

100 (1) Expert on job, needs no supervision.
80 (2) Good, needs supervision occasionally.
60 (3) Average, regularly requires supervision.
40 (4) Poor knowledge, requires much supervision.
O–20 (5) Requires constant supervision and instruction.

IV. POTENTIALITY—Appraises employee's inherent capacity for development and advancement.

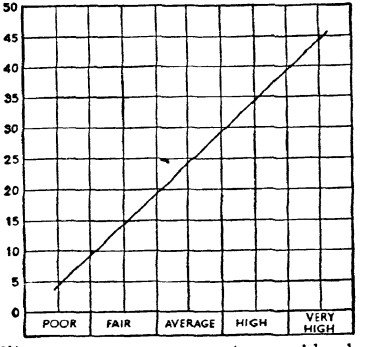
( ) *Age*—Max. of 50 points to 25 years of age, less 2 points per year until 50 years.

( ) *Health*—

50 Perfect, vigorous, very seldom ill.
40 Good, seldom ill.
30 Fair, subject to common illness.
20 Poor, frail, frequently ill.

Adaptability—Ability to meet changes (see guide chart).

( ) 50 Mental ability, analytical ability.
( ) 50 Versatility, dexterity.
( ) 50 Ingenuity, resourcefulness, talent.
( ) 50 Alert, aggressive, efficient.



Attitude—Willingness to co-operate (see guide chart).

( ) 50 Willingness in carrying out company policies.
( ) 20 Obeys safety rules.

Dependability—Measures degree of trust in employee.

( ) 50 Attendance, absence, and tardy record.
( ) 20 Foreman's confidence in employee to carry out all instructions.
( ) 15 Character: personal, working habits; temperament.
( ) 15 Willingness to accept responsibilities and work under pressure.
( ) 15 Respect for tools.
( ) 15 Uses good judgment.

it is vitally necessary to establish the frame of mind in the workers such that they will respond to the incentive offered. The development of this "frame of mind" was thought by Mr. Lincoln to be a process which takes considerable time and involves numerous steps.

Mr. Lincoln affirmed that it was his feeling that human nature is pretty much a fixed element and that the workers at Lincoln Electric were just as human as any other group. Mr. Lincoln said he was sure that there was just about as much complaining on the part of Lincoln workers about small things as one would be likely to find in any other plant, but Mr. Lincoln went on to say that one thing which made Lincoln Electric stand out was the fact that the management, over the years, had impressed the workers that their own success and welfare and income were inextricably bound to the efficiency and the success of the company as a whole. In large measure because of the nature and operation of the bonus plan which was tied to the profits of the company, the Lincoln workers were thought by Lincoln to have become "profit-minded"; and because the individual shares in the bonus were substantial, it was a matter of never-ending conversation among the employees.

Mr. Lincoln stated that one of the cornerstones of an effective incentive wage and bonus system is the active acceptance by every employee of the necessity of direct-labor-cost reduction throughout the plant. The active acceptance of such a plan, in Mr. Lincoln's opinion, not only results in every worker's working harder, but, more important, in his working more efficiently and being encouraged to apply his own expert knowledge to the increasing of his efficiency on the job on which he is engaged. For a number of years the Lincoln Electric Company had set as a goal for the management and the workers, a 10% reduction in direct-labor costs. After 1939, because of rising wages, the company had not been able to reach any such goal, but had been able to hold these costs constant in face of a 40% increase in wages during the war period.

Mr. J. F. Lincoln was proud of the "Spartan rules" at the Lincoln Electric Company. Mr. Lincoln said he emphasized repeatedly to his workers that any luxuries or frills must, in the last analysis, be paid by the workers. As an example, Mr. Lincoln referred to the situation where through the Advisory Board[4] he was apprised of the workers' desire for a public address system which could be used for official announcements by the management to the workers and for the playing of music during working hours, as was done in many other plants, not only in Cleveland,

[4]Described below.

but throughout the country and in Great Britain. Mr. Lincoln directed that the proposal be investigated, and when the members of the Advisory Board were informed that such a system would cost in the neighborhood of $50,000, Mr. Lincoln pointed out to them that the net profits of the company would be the less by that amount; and Mr. Lincoln recalled that the workers, when it was pointed out to them by the Advisory Board that their share in the profits would be correspondingly reduced, lost their enthusiasm for the proposal. The facilities at the plant reflected this "Spartan philosophy." Mr. Lincoln reported that the personnel of the Lincoln Electric Company accepted his viewpoint that "a factory is a place to work." The Lincoln workers, according to Mr. Lincoln, came to share his attitude that elaborate facilities in washrooms, cafeterias, lounges, etc., by reducing profits can only be had at the expense of the workers' individual incomes. This "Spartan philosophy" extended to a resistance on the part of the Lincoln Electric Company management to unnecessary capital outlays. During the war, the space in the factory was generally regarded as definitely inadequate for the needs, but Mr. Lincoln explained that even this shortcoming was turned to good account, for everyone was made to realize that, in view of the shortage of space, it was impossible to have excessive amounts of inventories of raw materials, work in process, or finished products located within the walls of the plant; this realization constituted a strong incentive to all levels of the management, and to the workers as well, to keep inventories at a minimum and to push materials through the plant as rapidly as possible.

The Lincoln Electric Company, under Mr. Lincoln's leadership, adopted the policy of refusing to invest in any equipment which would not pay for itself in five years or less. This policy derived not only from Mr. Lincoln's sense of frugality, but also from the general feeling that the policy focussed the attention of the entire working force, including management, on new *ideas* rather than on the "easy solution" of purchasing new *machines.* An example of the way this philosophy operated was alluded to by Mr. Lincoln: $5,000 was requested for a new notching press. Because the cost department and the engineers could not clearly demonstrate that this piece of equipment would pay for itself within the stipulated five-year period, Mr. Lincoln rejected the proposal. The engineers, working with the foreman in the department concerned, therefore developed some new attachments for two old presses which the company then had. In the meantime, Mr. Lincoln had been reconsidering the proposal and had about reached the conclusion that an exception

might be made in this case to the company's rigid policy in respect to new equipment. However, by that time, the old equipment with the new attachments worked so efficiently that it was estimated that the new $5,000 notching press could save no more than $180 a year, as compared to the old presses with their new attachments. Mr. Lincoln stated that this episode, along with many others of the same variety, taught all of his people the lesson that he wanted them to learn—"We must put our emphasis on new ideas rather than on new machines." As a result of the active desire of the individual workers at Lincoln Electric to maximize their earnings by working as rapidly and effectively as possible, it was not uncommon that many machine tools which were at least 10 years old were run faster than the rated speed of new machines. Jigs and fixtures and tools designed by company engineers, as well as jigs and fixtures and tools designed by workers for their individual use, made this possible.

A further example of the significance which Mr. Lincoln attached to economy and simplicity was his own reluctance, eventually put aside under pressure from his people, to accept the suggestion made by his subordinates that he give up the unadorned and rather barren office which he had used for a number of years. Mr. Lincoln was averse to moving into a more sumptuous office because he was characteristically disinclined to make unproductive outlays, and, perhaps even more important to Mr. Lincoln, because he feared that if he worked in an ornate office the workers in the plant and his own immediate subordinates might feel he would become less accessible to them.

One of the elements in communicating management's philosophy to the workers at Lincoln Electric and for conveying workers' attitudes to the management was the Advisory Board. This Board was regarded by the Lincoln management as a particularly important device in the successful operation of the company. This Advisory Board was described by Mr. Lincoln in a pamphlet entitled *Intelligent Selfishness and Manufacturing* in the following terms:

> 1914—An Advisory Board was formed. The basic job of this board is the developing of the normally unused abilities inherent in the organization. In order to bring the intelligence of all people in the organization to bear on the subject this board was chosen from the entire personnel of the plant. This was done by electing one man from each department by the vote of all the people in such department. The foremen in the plant also elected a representative foreman from their group. These men with the plant superintendent and president (who acts as chairman) constitute the Advisory Board. This board has author-

ity over all matters affecting the man and shop operations. They are the board of directors for the plant.

As mentioned above, each department of the Lincoln Electric Company elected a member who represented that department on the Advisory Board. Each member of the department irrespective of his position was entitled to participate in the election of the department's representative. Each representative received $100 a year to compensate him for the additional effort involved in conferring with his fellow workers in his department and for carrying out his responsibilities of participating in the meetings of the board.

Mr. Lincoln stated that the company always followed a policy of full and prompt disclosure to the Advisory Board of all important developments affecting the welfare of the company. Mr. Lincoln further stated his personal view that it is highly undesirable for employees of a company to learn of important developments affecting the company through outside sources, and it was one of the explicit functions of this Advisory Board to carry back to all workers the information announced in the meetings of the Advisory Board. In addition to discussing specific problems existing in the various departments, the Advisory Board also discussed such topics as business prospects, market conditions, programs of competitors, as well as the general picture of plant operations. A representative of the cost department was always in attendance at the meetings of the Advisory Board to provide the necessary data to answer questions relating to sales, costs, and profits. Attached as Exhibit 13 is a summary of the January 28, 1946, meeting of the Advisory Board as prepared by Mr. J. F. Lincoln and distributed to each member.

An interesting side light on the Advisory Board was provided the observers from the Business School by Mr. H. F. Kneen, General Plant Superintendent. Mr. Kneen described one worker who had on many occasions manifested a certain amount of scepticism regarding the efficacy of the Advisory Board as a device for putting the worker's point of view before the company management. While this man could not be described as a chronic complainer, nevertheless by questions and conduct he had frequently exhibited an attitude which was less than completely co-operative. Because of the aggressive attitude of this worker and, indeed, because of his scepticism it was thought by his fellow members of the department in which he was employed, that he would make an excellent representative on the Advisory Board. Mr. Kneen related that during this man's two-year tenure in the position of departmental

EXHIBIT 13

MEETING OF ADVISORY BOARD

January 28, 1946

Member absent: Joseph Pokorny

The Tax Court has ruled against us in connection with the annuities and the fund set up for separation pay. If this ruling stands it will be a very serious matter for the Company. The matter is being referred to the Court of Appeals and will undoubtedly be heard this fall.

The Company is also being faced by a very difficult situation regarding prices. The cost of raw material has gone up by a considerable percentage but so far OPA has not allowed us to increase our selling prices. This may result in a squeeze that will largely reduce our profit. The matter is being followed with OPA.

Because of the lack of material we will go into a schedule of 3 shifts 3 days a week during the life of the present steel strike, and as long thereafter as is necessary to get the material for full-scale operation. For the present this will cover Plant 1 only. If the strike continues long enough it will have to be extended to Plant 2. There are certain activities which will continue at full capacity. Your foreman will notify you as to the plan in each individual case.

A request was made for the Tool Room to work 5 days a week instead of 5½, as at present. Upon investigation it is found to be impracticable.

The dressing room in "B" Stock has had one of the doors eliminated. A request for the replacement of this will be handled as soon as a proper plan can be devised.

There is difficulty being caused in Plant 2 parking lot because of the fact people enter into both alleys. Steps will be taken to eliminate this.

The accumulation of skids in the morning interferes with the incoming men in some cases. The matter was referred to Mr. Kneen for action.

The Medical Mutual of Cleveland insurance requests total approximately 200. It will be necessary to have 400 before the plan can be made workable. The matter is left in abeyance for further experience.

The question was asked whether people being replaced by servicemen would share in the bonus at the end of the year. As we see it now there will be comparatively few so replaced, but the rules state that it is necessary for the person receiving the bonus to be in the employ of the Company at the time of the bonus payment, hence, these people would not be included.

A request was made for a counsellor for suggestions. It was felt on discussion that the foreman of each department is in a position to give this advice as a counsellor and would be much more fully acquainted with the problems involved than one person covering the whole organization.

A request for hot water in several departments was referred to Mr. Kneen for action.

J. F. LINCOLN
President

representative on the Advisory Board, he made useful suggestions and indeed proved to be an excellent vehicle for carrying back to his department the attitude of the Board, and for making known to the Board the thoughts and feelings of his "constituents." Mr. Kneen related with satisfaction that during this time this man's demeanor changed substantially and he came to be regarded as one of the more valuable employees in the department. In Mr. Kneen's words, this man had become convinced of the sincerity of the management and came to see the genuine advisory status of the Board.

The effectiveness of the Advisory Board, as a means of permitting the management and the workers to communicate directly, by-passing formal channels, in considerable measure was believed to rest upon the explicit right of any representative—thoroughly established by the experience of years—to bring up any question without any fear of retaliation by foremen or management. This tradition, in the opinion of Mr. Kneen, was fundamental to the success of this Board. While there was no formal reason why the company could not discharge a worker who happened also to be a Board representative, Mr. Kneen was of the opinion that it became, in fact, practically impossible to discharge a worker who was a member of the Advisory Board, because such action on the part of the management, irrespective of the validity of its reasons for desiring to discharge an inefficient worker, could not be taken without running the risk of impairing the unquestioned integrity of this communication channel.

Mr. Kneen told the observers from Harvard that this Advisory Board served the additional function of uncovering potential executive talent among the workers. A number of persons in responsible positions within the company had originally come to the attention of the management through the good judgment, intelligence, and knowledge of the company's operations which they demonstrated while members of the Advisory Board. Mr. Kneen also attributed particular significance to Mr. Lincoln's traditionally frank and full disclosures of the company's problems and prospects to the Board. This frankness on the part of management, as represented by Mr. Lincoln as Chairman of the Advisory Board, in Mr. Kneen's opinion, encouraged a reciprocal frankness on the part of the workers.

This Advisory Board, Mr. Lincoln believed, was a very useful device for the education of the workers in the plant. Its function in this regard was illustrated in the episode of the public address system described

above. Further, it was largely through the Advisory Board that Mr. Lincoln had impressed upon the employees of the company the attitude that "it is the workers who pay the cost of inspection and scrap, who pay for the frills." Through the Advisory Board it was possible to impress upon the workers that labor's bonus out of the company's profits can be increased in proportion as the cost of inspection and scrap can be reduced.

The Advisory Board, at the meetings at which Mr. Lincoln presided, served also as a channel through which Mr. Lincoln was able to transmit the management's general attitude toward the company's workers as well as its position on particular questions. Specifically, the Advisory Board, over the years, carried back to the workers a belief in the necessity of constant reduction of direct labor costs and educated the workers to the acceptance of constantly improving methods and techniques of production as well as the realization of opportunities for increasing profits through reduction in waste, improvement in product design, and the possibility of reducing the overhead cost per unit of production through steadily increasing the stream of production through the plant.

Mr. Kneen stated that the Advisory Board on many occasions, through the activities of the workers who were members of the Board, had relieved the management of some embarrassing problems. For example, at one time an epidemic of gambling during the lunch hour developed at the plant, and increasingly large sums of money were seen changing hands. The management was much concerned over this because, while the management recognized the freedom of the workers to spend their money and to use their lunch hours as they saw fit, nevertheless it was felt that the morale of the plant was in danger. The management was loath to order the cessation of gambling and to place the burden of enforcement upon the foremen. The management was most anxious not to prejudice the good relations existing between the foremen and the workers by placing the foremen in the position of enforcing what might be a highly personal and perhaps unpopular ruling.

Nor was the company willing to place the burden of enforcement on the plant guards and watchmen for fear of impairing the relations between this group and the workers. Over a period of years, the watchmen and guards of the plant, according to Mr. Kneen, had been instilled with the point of view that they had only the explicit function of protecting the property of the plant and, especially during the war, keeping unauthorized persons off the premises. Other than these duties, the guards and watchmen were considered by the management and by the plant

workers as being just another group of employees, and the management had specifically fostered a feeling of friendship and camaraderie between the guards and the workers. To put the burden of enforcement of anti-gambling regulations upon these guards would have been entirely out of character, as it were, with their traditional function. In Mr. Kneen's words, it would have made "sort of a Gestapo" out of this group which had never before been differentiated, by a semblance of police authority, from the other workers.

Mr. Lincoln presented this problem and the management's point of view to the Advisory Board. Mr. Lincoln asked the Advisory Board to take the matter under advisement and to give him a recommendation in the next weekly meeting. By the time of the next weekly meeting, the plant superintendent was able to report that gambling was no longer an issue at Lincoln Electric. The members of the Advisory Board had reported back to their departments the management's concern over the matter as well as its appreciation of difficulties of enforcing any anti-gambling regulation. Pressure from the workers themselves, in each of the departments, on the ringleaders of the gambling fad had proved effective.

Mr. Lincoln said he had insisted over the years that production processes be laid out in such a way that inspection would be an integral part of the production process. The success of this "self-policing" inspection system on the assembly lines—in which each worker, in performing his own work in effect inspected the work performed at the preceding stage —depended, according to Mr. Lincoln, on the developing of the acceptance on the part of each worker of a sense of direct responsibility for his own work. Mr. Lincoln believed that years of fair dealing and honest treatment on the part of the Lincoln Electric Company brought out in an active form the latent sense of responsibility which, Mr. Lincoln maintained, is present in every normal human being. While the Lincoln Electric Company was believed by its management to have gone somewhat further in the direction of this self-policing inspection system than other companies, the management of the company was fully confident that the quality of its products could not be questioned in any way. The management believed that the elimination of many formal inspection steps resulted in no impairment of the quality of the products. Quite the opposite; the management felt that, because the company had developed in every worker such an active sense of direct responsibility, this system in fact resulted in *improved* quality, particularly at those places where

inspection was customarily not felt by competitors to be absolutely required.

Mr. Lincoln was of the opinion that the company had, as indicated above, developed a reputation among its workers for honest forthright dealings with its workers. This was notably true, Mr. Lincoln felt, with respect to changes in methods. As mentioned, practically all work in the plant was on a piecework basis. No time studies were made of any operation unless the method was changed by the methods department. One indirect benefit of this policy, as Mr. Lincoln saw it, was that the Methods and Time Study Department was placed under the pressure of improving methods rather than attempting to gain apparent savings through the reduction of time allowances at the expense of the worker. Mr. Kneen stated that the energies of the Methods and Time Study Department were directed toward the removal of "bottlenecks," and establishing new methods and piece rates on jobs where new tools or new designs were involved.

The workers were given the right to question any rate set by the time study department. When a worker protested a piece rate set by the Methods and Time Study Department he was placed on the corresponding day rate until he and his foreman reached an agreement with the time study department as to what the piece rate should be. The pay, on day rate, was 80% of what the worker was expected to earn on piece rate. While working on the day rate the worker lost his opportunity to increase his earnings by meeting or exceeding the time allowances set by the Methods and Time Study Department. The foreman was placed under pressure to work out an agreement with the time study people inasmuch as the day rate production could not be expected to be more than 80% of production under piece rate; furthermore, the foreman would be called upon to explain to his superior why it was that he had a worker, other than a new man, employed on day rate. For their part, the time study people regarded objection to piece rates as a reflection on their ability to set acceptable rates and because they were called upon to explain in full to the chief engineer why their rate was protested. It was reported by Mr. Kneen that, partly as a result of these pressures operating on the various parties, the Methods and Time Study Department developed the reputation for thoroughness and fairness.

At Lincoln Electric it was expected and hoped that the workers themselves would devise better methods which would enable them to produce at a higher rate than that set by the time study department, thus raising their earnings above those prevailing elsewhere; and, further, the

management counted on each worker's exerting himself to the utmost to produce as much as he was able. A worker who developed a new method or new tool for his own job had the option of using the development to increase his production at established piece rates, thereby increasing his weekly take-home, or of submitting his idea as a suggestion to the Suggestion Board described below. By submitting the idea to the Suggestion Board, a worker could guarantee that it would be himself who got credit for the development, and who would receive the award which would be paid, based on the estimated total savings resulting from its being instituted as a general method improvement. In addition, the submission of such a suggestion was one way of bringing one's self to the attention of the management for consideration for advancement.

It was the opinion of the management at Lincoln Electric that other managements, by restudying time allowances, sought to divert into the companies' profits savings realized from the improved efficiency which can result from a worker's attempting to produce as much as he can. People at Lincoln Electric felt that this action on the part of some managements had resulted in slowdowns and a general antipathy on the part of the workers to revision of rates and methods, and had discouraged the workers from applying their intelligence, and familiarity with the job, to devising improved methods. Further, Mr. Kneen believed it is always a temptation for methods and time study people to attempt to improve their own showing through the restudying of operations which have, in fact, been improved upon by the workers themselves. It was for this reason that the time study department at Lincoln Electric was forbidden to restudy a rate which they had set and which had been accepted by a worker, except insofar as the Methods and Time Study Department people themselves might devise new procedures or install an accepted suggestion made by a worker.

On the other hand, Mr. Kneen stated, every operation in the plant was restudied and changed at least once every five years. This policy carried out the attitude of the management at Lincoln Electric that it is impossible to design a method which cannot be improved. Further, it reflected the management's philosophy that a certain amount of change is constantly required if rigidity in thinking both on the part of the management as well as the workers is to be avoided. There was, in effect, therefore, a certain amount of change at Lincoln for its own sake.

One activity which was regarded as especially important by the management of the Lincoln Electric Company in fostering and cementing the cordial relations existing between the workers and all levels of su-

pervision, and which had contributed in many significant instances to the increased productivity of Lincoln's workers, was the Suggestion System, which had been in operation for a number of years. Mr. H. F. Kneen was the Chairman of the Suggestion System Board, in which capacity he was assisted by the Chief Engineer, the Chief of the Methods and Time Study Department, and the Chief Inspector. This Suggestion System Board held weekly meetings, at which time the suggestions received from the company's employees during the week were examined. If a suggestion could not be used, it was the policy of this Board to explain fully to the person making the suggestion why his suggestion was not practical. Mr. Kneen believed that such explanation to the workers was most important in maintaining good relations between the management and the workers, for the workers were made to see that the management had given serious and sincere consideration to their ideas and that, if their ideas were rejected, it was only after very careful study and thought. The right was reserved to the worker who had made a suggestion which had not been used, to request reconsideration of his ideas if he believed that his suggestions had been turned down for unsound reasons.

If, on the other hand, a suggestion were accepted which reduced costs, it was the general policy of the company to pay to the person making the suggestion one-half of the expected savings during the first year the suggestion was in operation. In some cases, where no particular cost savings were expected to be realized but where the suggestion would result in an improvement in production or in some greater general efficiency, the worker still received a cash award. Mr. Kneen stated repeatedly that it was the desire of the Suggestion Board to be scrupulously fair, and he pointed to an example where, as a result of the suggestion received from one of the workers, a new method had been independently evolved by the Methods and Time Study Department. In the words of the report of the Suggestion Board to Mr. Lincoln on June 9, 1944, reproduced in Exhibit 14 (p. 584), "because this man's original suggestion has started the whole chain of thoughts and has led us to go beyond his original suggestion, it was felt that he should at least be paid on a basis of the net savings possible under his own idea; therefore it was recommended that we pay an award of $15.00." The Suggestion Board reports to Mr. Lincoln of June 22, 1944, and July 7, 1944, are reproduced in Exhibits 15 and 16 (p. 586). The notice of the actions of the Suggestion Board taken on June 22, 1944, which was posted on the employee bulletin boards is reproduced in Exhibit 17 (p. 588). Mr. Kneen was of the opinion that this Suggestion System not only con-

EXHIBIT 14

SUGGESTION REPORT OF JUNE 9TH

	Usable	*Questionable*	*Unusable*	*Total*
Plant 1	2		7	9
Plant 2			4	4
Office				
Sales	1	3	2	6
Total	3	3	13	19

Acceptable

D448. J. A. Berwick of the San Francisco Office suggests that the next time we print the Form 6142 known as the phone or verbal order form, we add the words "Sales Tax" and "Priority" in the right-hand box along with "Is credit established in Cleveland?" It was felt that this would be a more complete form and would see that all the necessary facts were on such orders. This suggestion was gone over at the office meeting and it was the consensus of opinion that when this form is reprinted, consideration should be given to this suggestion if we have priorities, etc. to contend with at that time. It was suggested that the suggestion be accepted with thanks due to the fact that we do not believe there would be any concrete savings and consequently there could be no award, but that the suggestion has merit enough to consider incorporation of this data on the next rerun of the form.

D4640. George Deakin of the Stockroom suggests that we discontinue using the large-sized blank identification tags ($2\frac{1}{2}'' \times 5''$) and use the smaller sized identification tags ($1\frac{1}{4}'' \times 2\frac{3}{4}''$) in B Stock. This idea is good and can be used and will save about $5.00 a year. It was suggested that we pay an award of $2.50 to this man.

D3743. Frank Zevnik of the Switch Department suggested that we could make airlines in Department K and make them cheaper by using a cutting and flaring tool for the copper tubing and presented a simple tool and fixture to do it. Upon investigation it was found that this could be done but the adequate tooling for the various sizes of tubing would reduce the $230.00 savings per year to a net savings of only $30.00 on which basis there would be an award of $15.00. Upon further study, however, the Methods and Time Study Department refused this suggestion because they found that we could go to a new type of Weatherhead coupling that required no flaring and make a much more substantial net cost reduction. These new couplings were tried out and approved by the Engineering Department and are now in use. Because this man's original suggestion started the whole chain of thoughts and led us to go beyond his original suggestion, it was felt that he should at least be paid on the basis of the net savings possible under his own idea, therefore it was recommended that we pay an award of $15.00.

Questionable

There are three suggestions listed below that we felt should be brought before the Executive Group for consideration for the reasons stated:

D3928. B. J. Murphy of the Los Angeles Office suggested that we put the serial numbers of welders on top of the crates on those carloads going to branch

EXHIBIT 14 (CONTINUED)

offices because they could then identify machines without unloading them in the car. We decided to use this suggestion but did not pay an award because we did not see how much savings could result.

We have had an appeal from this decision by the men on the West Coast as follows:

"If serial numbers are not on the tops of crates when consignment cars are received on the West Coast it is necessary for the Branch Office warehouseman to go down to the team track and supervise the unloading and reshipping of the entire welder car. It usually requires three to four hours, or longer, to unload a car and he is required at the car until the job is practically finished to make sure the correct welders are shipped out on the branch office transfer orders.

"If serial numbers are placed on the tops of crates, the warehouseman can identify what machines go to which customer before the unloading starts. He can staple shipping tags on all machines in a matter of 15 to 30 minutes and turn the car over to the transfer company for unloading and reshipment.

"This results in a time saving per car of from 2½ to 3½ hours or longer, and our warehousemen are paid approximately $1.00 per hour.

"According to Mr. H. N. Holdren's records in 1943, the following welder carloads were consigned to the four Pacific Coast warehouses as shown below:

Seattle	5 carloads
Portland	5 carloads
San Francisco	13 carloads
Los Angeles	24 carloads
Total	47 carloads

"Based on carloads shipped to the West Coast in 1943, this suggestion of placing the serial numbers on the tops of welder crates will result in savings per year ranging from a minimum of $100.00 to $165.00.

"It is felt that the Executive Group should reconsider this suggestion with the possibility of paying on the basis of a savings of $100.00 per year."

R. P. Sharer of the Columbus Office suggests that we use 220–440 volt coils on all of our NVR starters so that machines could be reconnected much more easily in the field. Since this suggestion came up at the Sales Meeting where many of the men came to the shop representatives and mentioned this, we felt this suggestion should come before the Suggestion Committee for final decision. The only comment attached to this suggestion at the present time is from the Engineering Department which indicates that we do not have room for this arrangement in the present NVR lamination.

D4455. W. B. Horton of Chicago suggested that we make our own undercarriages rather than buy them from John Deere, feeling that we can do this profitably and also have control of shipments, deliveries, etc. Before the Suggestion Committee spent the time in studying this proposition, it was felt that it should come before the Executive Committee for a determination of policy. From past study several years ago we found that we could not produce a satisfactory trailer as cheaply as John Deere could furnish it to us.

H. F. KNEEN

HFK:MVS

EXHIBIT 15

SUGGESTION REPORT OF JUNE 22, 1944

	Usable	*Unusable*	*Total*
Plant I	4	16	20
Plant II			0
Office			0
Sales			0
Total	4	16	20

D4548. Einar Carlson of Inspection Department in Department K suggested dipping self-tapping and thread-cutting screws in hot export packing wax tank instead of oil. Wax is cleaner and better but no measurable savings result. The suggestion is being used and an award of $2.00 should be made because of the cleaner job.

D4610. John Kolenich of the Stockroom suggests we pack foot controls in cartons in Department K instead of parts shipping. This will protect them during handling and stocking, but cost no less to do. The improved appearance as delivered to the customer may be worth something. It is suggested that we do this and that a $2.00 award be given.

D4605. Andy Kovach in Department B suggests we cut hinge barrels in the automatic saw instead of the friction saw. He points out that with the present design of hinge, the length of the pieces does not have to be held as accurately for length and the saw would be satisfactory and cheaper. We agree and should use his suggestion which will save $55.00 a year and pay an award of $27.50.

D4660. Bob Howell, Inspector in K, suggested we put a stop on the Lincontrol pedal bottom side of the plunger to prevent overtravel. When used on a rough floor that might push the plunger up too far. This was considered an important necessity by Mr. King as eliminating trouble in the field, so it was done at once by permission from the engineers as necessary. The suggestion blank came through later. It is not a saving, but a product improvement and an award of $5.00 is suggested.

H. F. KNEEN

HFK:MVS

EXHIBIT 16

SUGGESTION REPORT OF JULY 7TH

	Usable	*Unusable*	*Total*
Plant 1	3	24	27
Plant 2	1	3	4
Office	1		1
Sales		1	1
Total	5	28	33

Acceptable

D2272. Frank Addis of the Commutator Department suggests shortening the No. 16 flex lead on the series coil of the FDL, 2″. Upon checking this we find that this should be done, but that the engineering drawings are correct and the Winding Room has not been using the correct lead length. In spite of the

EXHIBIT 16 (CONTINUED)

fact that the specifications were correct and that the savings will only be $1.04 a year, we believe the man should receive an award in the amount of $2.00 for bringing this to our attention.

D4615. William Smith, Inspector on the Assembly Floor, suggests a simplification in the tagging of motor and thermostat leads with the elimination of one tag. On thorough checking it was felt by Time Study and Inspection that this could be done and also a second tag omitted. It was recommended that this suggestion be accepted and the man be paid on the material savings only as the laborsaving is small and probably would not be obtained. The elimination of one tag would save $26.00 a year on which we will pay an award of $13.00.

D4647. Harold Gibson of the Punch Press Department who makes interpoles, suggests a change in the tooling which would extend the copper block used on the pressing and welding fixture so that better welds could be made with less care. In order to check this idea, which seemed good, we have changed the block used on the interpoles as suggested and have obtained a better welding job with less rejections, excess and repair. It is rather difficult to measure the savings as no direct labor is involved, but it is the opinion of the foreman and methods men that this is worth an award of $5.00 since it has proved a usable and helpful improvement.

D5176. Reino Hamalainen of the Wire Department turns in a safety suggestion that the men in the Wire Shipping Department wear goggles when they are making bands for shipment of cars, because the bands may and do easily fly up and scratch their eyes or face. Upon investigation by Time Study and Mr. Steingass, it was felt that the men should wear goggles if there is any question of their needing them and that a $2.00 safety award should be made.

D4145, D4250. Arthur Todd made a suggestion in January that we review our purchasing procedure for clear cover glasses in an effort to sell the clear cover glass in large quantities at or below the price of $6.50 per thousand which he stated was the competitive sales price. This was rejected at that time as our cost prohibited our selling the glass at the price he suggested. In June, Todd referred to this rejected suggestion and made a new specific request that we purchase our clear cover glass from the welding Alloy Supply Company, Newark, N.J., at $4.50 per thousand, or any one of a number of other suppliers that he mentioned who could furnish glass at approximately $4.50 per thousand. This is considerably less than our present price of $6.00 to $6.50 per thousand and if we did this we could then decrease our sales price to our customers and put it in line with competition, it being our policy to sell things at a lower price than competition. This suggestion was checked very carefully and we got samples from Eclipse and Pittsburgh Plate Glass Company. The former was perfectly satisfactory and on the basis of the annual consumption of 500,000 pieces used per year less our present inventory of 261,000, the savings would be $85.00 for the first year, or this would pay an award of $42.50.

D3928. B. J. Murphy, Los Angeles Office. This suggestion which was originally accepted with thanks has been carefully rechecked for savings by Mr. Taylor and an award of $55.00 is being made on the basis of the actual yearly savings of $110.00.

HFK:MVS

H. F. KNEEN

EXHIBIT 17

REPORT OF SUGGESTION MEETING FOR THURSDAY, JUNE 22, 1944

PLEASE NOTE:

THE TOTAL NUMBER OF SUGGESTIONS ARE FALLING OFF

Usable Suggestions

D4548. Dip all self-tapping and thread-cutting screws in wax tanks in Department K, using a wire basket. Wax makes a cleaner and better job, so we are paying an award of $2.00 as there is no savings.

D4605. Cut all hinge barrels in the automatic saw, instead of the friction saw as the length of the hinges does not have to be held accurately. This is a good idea and should be done. Pay $27.50.

D4610. Pack L-2424 Foot Controls in cartons and stencil in Department K. Stock in "PL" the same as other accessories. Accepted. Pay $2.00.

D4660. That a stop be installed on L-2424 Foot Controls to prevent overtravel when used on a rough floor. There is no savings, but an improvement in the product so we are accepting it and making an award of $5.00.

Unusable Suggestions

A note will be written to each individual stating why we could not use his suggestion.

3800	4521	4525	4607	4609	4638	4646
4667	4693	4696	5010	5015	5018	5029
5032	5071					

Suggestions Pending

445	493	3759	3969	3972	4026	4046
4179	4194	4282	4284	4402	4449	4500
4529	4549	4554	4611	4615	4631	4645
4647	4649	4659	4680	4695	4738	5005
5013	5017	5019	5021	5023	5028	5031
5052	5073					

For information about the "Suggestion System" see the *Employees' Handbook.*

Individuals will be welcomed at the Executive Meeting if they wish to personally present new suggestions or reopen old ones.

s/s GEO. G. LANDIS

tributed materially to the reduction of costs, but also stimulated in a very direct way the interest of all the workers in increased efficiency throughout the plant. For their contributions, the employees, as individuals, received compensation and recognition by the management and their fellows, and the workers' bonus, in which they shared, was increased.

In one regard, Mr. Kneen was sure that Lincoln workers on the whole were of higher caliber than workers likely to be found in other plants. It was the policy of Lincoln Electric to take special pains in the selection of workers. In the words of Mr. Kneen, Lincoln Electric did not simply "*hire*" men; they "*recruited*" men. Each year, representatives of Lincoln Electric went to the high schools in Cleveland and near-by towns seeking boys with high Intelligence Quotients and with "a competitive instinct" as reflected by their participation in athletics, debating societies, and other extracurricular activities. The high-school graduates thus selected by Lincoln were regarded by Mr. Kneen as "the cream of the crop." All these young men were encouraged by Lincoln Electric to attend night schools and to improve themselves intellectually, thus preparing for the day when they might be selected for promotion into supervisory jobs. Mr. Kneen evidenced considerable satisfaction that 500 young men from Lincoln Electric served in the Army Air Forces during the war, which record, he believed, bore out his contention that Lincoln workers were individuals who were superior in both physical and intellectual qualities. Mr. Kneen also exhibited obvious pride in the fact that Lincoln Electric had more of its people in various night schools around Cleveland than any other plant, regardless of size.

The high caliber of the department foremen at Lincoln Electric was regarded by Mr. Kneen as a key factor contributing to the success of the company. Almost without exception, these foremen were technical-college graduates, and, again almost without exception, were relatively young men They ranged in age from 28 to 40, and the average age was about 35. It was the policy of Lincoln Electric to take older foremen off supervisory jobs and to give them staff positions so as to open the way for younger men to step into the jobs where direct contact with the workers was an important element. Mr. Kneen believed that the group of young foremen at Lincoln Electric were ambitious, ingenious, and willing to experiment and to accept new ideas and ways of doing things. As in the case of the Advisory Board described above, the departmental foremen were regarded as a prime source of executive talent.

Mr. Kneen attempted to give this group opportunities to deal with company-wide problems through weekly meetings and reports which individual foremen or groups of foremen would present at these meetings.

At the weekly foremen's meetings at which Mr. Kneen presided, there was a conscious effort on the part of all concerned to avoid trivial

department complaints. One of the devices that Mr. Kneen believed was responsible for the constructive nature of these foremen's meetings was that it had come to be an invariable rule that the foreman or foremen responsible for delivering a report had to submit with the report specific constructive recommendations. In this way, Mr. Kneen believed the emphasis of these meetings was placed upon active improvement and increased efficiency rather than upon idle and fruitless carping. The subjects discussed at these meetings included the pay system applying to indirect labor, the training programs for supervisors, the company's over-all bonus plan, safety rules, waste, and the like. Individual foremen, or groups, presented reports, which they had written up and which were subsequently placed in the hands of Mr. Kneen. Thus, a group of foremen were encouraged by the management when they volunteered to rewrite the company's *Employees' Handbook* on their own time, and this revised version was adopted. One report described a parts-identification system which two of the foremen had devised and recommended be accepted by the management. Mr. Kneen recalled that he was particularly pleased with this report because it solved a problem for which he had almost despaired of finding a good solution. Mr. Kneen recalled with some delight one session of the foremen's meetings, which was devoted to constructive suggestions as to how Mr. Kneen himself could better his work as General Plant Superintendent.

Mr. Kneen believed these sessions and the responsibility for preparing reports on company problems tended to redirect the point of view of the foremen from a narrow departmental orientation into the direction where they would approach situations as problems to be solved in terms of over-all effect on the company as a whole rather than in terms of improving the operations of particular departments. Mr. Kneen also felt that this continuous program would maintain the interest of the foremen in their jobs and would provide practical training for positions of greater scope and responsibility. As Mr. Kneen put it, the foremen at Lincoln Electric "don't get pap or vague generalizations; they deal with real, underlying, concrete problems facing the company at the moment." The direct benefit which the company derived from these investigations and recommendations was also thought to be very great.

As in the case of the Advisory Board, the management of the Lincoln Electric Company believed that the foremen should be thoroughly informed regarding the problems of the company. Mr. Kneen stated that it was highly desirable that the foremen especially be well informed

as to the affairs of the company, not only for their own interest and satisfaction and prestige with their workers, but because, being fully informed, they could answer with authority and confidence questions raised by people in their departments and were never in the position, that Mr. Kneen believed foremen were in other plants, of having to admit ignorance to their own people, leaving both parties with a feeling of frustration. Mr. Kneen repeatedly stressed the fact that the foremen were completely in the confidence of the higher management, and were a genuine part of the management operating in a front-line position. Because of their high caliber and their training and the great degree of responsibility given them, the foremen were able to provide real leadership in the plant. Because of their intelligence and training and acceptance of responsibility, direct action by them was commonplace, and this direct action obviated the necessity for maintaining a burdensome, complex administrative and staff organization.

IV

One executive at Lincoln Electric commented that one of the outstanding features of the Advisory Board meetings was Mr. Lincoln's "frankness." "Mr. Lincoln is absolutely sincere and frank—sometimes brutally frank. But when he tells them something they *know* it's true. You can't kid people—everything you say has to be consistent with what you do, and that's the way it is with Mr. Lincoln. He's no backslapper; and no one would dream of being familiar with him. He's 'Mr. Lincoln' to everybody in the plant—even when we're talking among ourselves. And when he has something to say, he says it and you always know just where he stands. He's 100% fair and everybody knows it; people frequently disagree with him and think he's a pretty hard man, but in all the years I've been here, I've never heard a single person say that he thought Mr. Lincoln wasn't completely honest and sincere."

V

A union leader from the Cleveland area had this to say about the Lincoln Electric Company: "There never has been a really serious attempt to organize Lincoln Electric. There have been too many other situations to bother with them. And there's no getting around it, they'd be mighty hard to organize. In fact, it's my opinion while things are booming a union wouldn't be able to make much progress. The real test

of Lincoln will come when the going gets tough. The thing Lincoln holds out to the men is high earnings. They work like dogs out at Lincoln, but it pays off. Personally, I question seriously whether any man can keep up that pace very long; the opportunity to make money is there, and there are plenty of people who are willing to burn themselves out for the kind of money Lincoln pays. Of course, there are those who have tried it, and found out that that just wasn't the kind of life they want to lead—and that kind quits. But then, there are those who like that kind of thing and all the things you can buy with money, and they stay. So what happens is that Lincoln Electric attracts the kind of people they want—people who can and will work at a terrific pace for money. The other kind of people—the ones who want to enjoy life and to enjoy their work and maybe not make so much money—that kind doesn't last at Lincoln. You might say it's sort of a process of natural selection. Lincoln is all right, though. But you couldn't pattern all of American industry after them. A lot of businessmen around Cleveland say J. F. Lincoln is eccentric. He isn't. He's fair and honest, and he's a bear on efficiency. But I think he puts too much store by monetary incentives—but then, there's no denying he has attracted people who respond to that type of incentive. But I think that very thing is a danger Lincoln faces. If the day comes when they can't offer those big bonuses, or his people decide there's more to life than killing yourself making money, I predict the Lincoln Electric Company is in for trouble."

VI

After reading the draft manuscript of this case, Mr. James F. Lincoln wrote a letter to one of the Harvard Business School Faculty members who had visited the Lincoln plant. In this letter, among other observations, Mr. Lincoln wrote the following comments:

"I think there is one other thing that ought to be said and that is this. The fundamental principles on which this whole plan is based are, first, because of the plan the whole organization is working together as a team to build a better and better product to be sold at a lower and lower price. This does two things, it gets co-operation, which is necessary, and also develops the individuals to a very much higher plane of usefulness, but the great advantage we have is the fact all of them work together as a team trying to do the best they can. This develops their latent abilities and also gets those developed abilities to be used in the direction of a more useful activity.

"I do not believe you can understand this program of ours on any other basis. The great difficulty with industry generally is the fact that the people in it are objecting to production, rather than helping production. By this they decrease their skills instead of increasing them. That is a fundamental difference.

"I was rather interested to see what was said by one of the Union leaders in your report. You, of course understand in the usual 40-hour week a man is working a little less than twenty-five per cent of the time. It might be interesting to know that we probably have a great deal greater proportion of people who have been here 25 years, or more, than any company that I know of in this district. Therefore, I doubt very much if they are working themselves to death; as a matter of fact, I rather think the reaction of people here generally is that they are having a good deal better time, they are a good deal longer lived, and a good deal healthier than they are in places where they feel driven to work or in which they object to work. However, that is a matter of opinion."

QUESTIONS

1. What do you make of the fact that Mr. Lincoln held the view that management and workers both must view the workers' share in profits as something the workers have *earned* and not as something dispensed by the management as largesse? What problems would you anticipate in trying to get this view across to, and accepted by, management and workers?
2. What reactions do you have to the allocation of points on the rating sheet in Exhibit 12? Do you think this rating system is "fair"? How, or how not? What part, if any, do you think is played by this particular method of distributing bonuses in:
   a) Furthering the point of view that the bonus is *earned* by the worker?
   b) Establishing a "frame of mind in the workers such that they will respond to the incentive offered"?
   c) Impressing on the workers the idea that "their own success and welfare and income were inextricably bound to the efficiency and the success of the company as a whole"?
   d) In securing "the acceptance by every employee of the necessity of direct-labor-cost reduction throughout the plant"?
3. What, would you suppose from all the facts and opinions in the case, is the workers' view as to the "fairness" of this method of distributing bonuses?
4. What significance do you attach to the "Spartan" rules and atmosphere at the Lincoln Electric Company?
5. What implications, do you think, flow from the idea that "a factory is a place to work"?

6. Of what importance, in your judgment, was the Advisory Board to the management? To the workers? To the company as a whole?
7. What useful purpose, if any, do you think was served by "opening the books" to the workers through the Advisory Board?
8. What significance, if any, do you attach to Mr. Kneen's views that:
   a) It was, in fact, "practically impossible to discharge a worker who was a member of the Advisory Board"?
   b) Frankness on the part of management encouraged a reciprocal frankness on the part of the workers?
   c) The Advisory Board on many occasions had relieved the management of some embarrassing problems?
   d) That the morale of the plant was in danger because of lunch-hour gambling?
9. How would you interpret Mr. Kneen's thoughts on the handling of the noon-hour gambling?
10. What do you think of Mr. Lincoln's view that a latent sense of responsibility is present in every normal human being? What, in your opinion, are some of the implications of such an idea?
11. What do you make of the company's attitude toward, and handling of, production standards and rates through time and methods study?
12. What do you think of the ruling of the Suggestion Board on the suggestion offered by Frank Zevnik (see Exhibit 14)? Of the Board's ruling on the suggestion offered by Frank Addis (see Exhibit 16)? Of the Board's handling of, and ruling on, the suggestion of B. J. Murphy (see Exhibits 14 and 16)?
13. What, do you suppose, led Mr. Kneen to hold the views, which he expressed, concerning the development of foremen? What, do you suppose, did Mr. Kneen mean by "pap or vague generalizations"?
14. What do you think of the union leader's views on Mr. Lincoln and the Lincoln Electric Company? What do you think of Mr. Lincoln's rejoinder?
15. What dangers, if any, do you think some other company might run into in trying to emulate the Lincoln Electric Company? What advantages, if any, do you think some other company might gain by emulating the Lincoln Electric Company?
16. What part do you think is played by the profit-sharing bonus in the record of increasing productivity at the Lincoln Electric Company?
17. What, do you suppose, would Professor J. H. Jones[5] think of the Lincoln Electric Company as it is revealed by the two cases on the company?
18. Would *you* like to work for the Lincoln Electric Company? Why, or why not?

[5]Author of *The Structure of Industry* (quoted on pp. 139–40).

APPENDIX TO OBSERVATIONS ON THE LINCOLN ELECTRIC COMPANY

The following items were offered in evidence by the petitioner and respondent in the case of *The Lincoln Electric Company* vs. *Commissioner of Internal Revenue.* They appear in the *Official Report of Proceedings before the Tax Court of the United States, The Lincoln Electric Company, Petitioner* vs. *Commissioner of Internal Revenue, Respondent, Docket No. 1299.* These proceedings took place in Cleveland, Ohio, June 4—June 6, 1951.

The tabulation of data shown in Exhibit 1 was accepted in evidence as Petitioner's Exhibit No. 126; Exhibit 2 reproduces Petitioner's Exhibit No. 162; Exhibit 3 reproduces Respondent's Exhibit No. KK; Exhibit 4 reproduces Petitioner's Exhibit No. 166; Exhibit 5 reproduces Respondent's Exhibit No. LL. For the sake of legibility the titles and captions on the graphs have been relettered.

The sources of the data in the several exhibits are set forth in considerable detail in the *Official Report.*

EXHIBIT 1*

APPENDIX TO OBSERVATIONS ON THE LINCOLN ELECTRIC COMPANY

STATISTICAL DATA

THE LINCOLN ELECTRIC COMPANY

Year	1 Average Number of Employees	2 Net Sales	3 Average Amount of Col 2 per Employee	4 Profit Before Federal Taxes on Income	5 Wages and Salaries	6 Bonus	7 Annuity	8 Average Amount of Col 7 per Employee	9 Average Amount of Col. 7 per Employee per Month	10 Trust	11 Average Amount of Col 10 per Employee	12 Total Bonus, Annuity and Trust	13 Ratio of Col. 12 to Col 4	14 Total of Wages, Salaries, Bonus, Annuity, and Trust	15 Ratio of Col 14 to Col. 2	16 Ratio of Bonus to Salaries and Wages	17 Average Amount of Col. 14 per Employee
1934	404	$ 4,064,820	$10,061	$1,636,543	$ 752,243	$ 131,785	$ 0	$ 0	$ 0	$ 0	$ 0	$ 131,785	8 0%	$ 884,028	21.7%	17.5%	$2,188
1935	485	5,262,473	10,850	1,904,649	957,485	226,480	0	0	0	0	0	226,480	11.9	1,183,965	22 5	23.6	2,441
1936	535	8,290,876	15,497	2,414,049	1,180,917	436,375	486,389	909	76	0	0	922,764	38.2	2,103,681	25.4	36.9	3,932
1937	666	10,709,084	16,080	2,944,682	1,455,986	672,845	359,803	540	45	0	0	1,032,648	35.1	2,488,634	23.2	46.2	3,736
1938	650	6,791,433	10,448	1,604,524	1,104,688	206,431	99,930	154	13	0	0	306,361	19 1	1,411,049	20 8	18.7	2,170
1939	637	9,257,613	14,533	2,459,973	1,360,687	495,721	132,251	208	17	0	0	627,972	25.5	1,988,659	21.5	36.4	3,121
1940	740	13,570,320	18,338	3,239,754	1,756,235	980,670	400,008	540	45	0	0	1,380,678	42 6	3,136,913	23.1	55.8	4,239
1941	979	24,024,095	24,539	5,720,919	2,669,269	2,071,315	575,206	588	49	1,000,000	1,021	3,646,521	63.7	6,315,790	26 3	77.6	6,451
1942	1,222	33,515,444	27,427	9,007,512	3,705,117	2,968,233	264,673	217	18	0	0	3,232,906	35 9	6,938,023	20.7	80.1	5,677
1943	1,245	32,987,734	26,496	7,429,101	3,978,269	3,185,845	279,769	225	19	0	0	3,465,614	46.6	7,443,883	22.5	80.1	5,979
1944	1,115	28,190,452	25,283	5,063,686	3,730,362	2,944,955	277,424	249	21	0	0	3,222,379	63 6	6,952,741	24.6	78.9	6,235
1945	1,110	24,306,430	21,898	3,706,095	3,370,586	3,057,282	0	0	0	0	0	3,057,282	82.5	6,427,868	26 4	90.7	5,790
1946	1,167	23,717,156	20,323	4,013,706	3,359,522	2,891,627	0	0	0	0	0	2,891,627	72 0	6,251,149	26.3	86 1	5,356
1947	1,157	31,297,319	27,050	5,524,371	3,793,922	3,767,830	0	0	0	0	0	3,767,830	68 2	7,561,752	24.1	99 3	6,535
1948	1,099	31,162,119	28,355	4,906,781	4,142,762	3,824,810	0	0	0	0	0	3,824,810	77 9	7,967,572	25 5	92.3	7,249
1949	1,026	25,662,744	25,012	3,426,099	3,365,402	3,007,430	0	0	0	0	0	3,007,430	87.8	6,372,832	24 8	89.3	6,211
1950	1,005	31,895,054	31,736	4,920,451	3,795,862	3,679,383	264,407	263	22	0	0	3,943,790	80 1	7,739,652	24.2	96 9	7,701

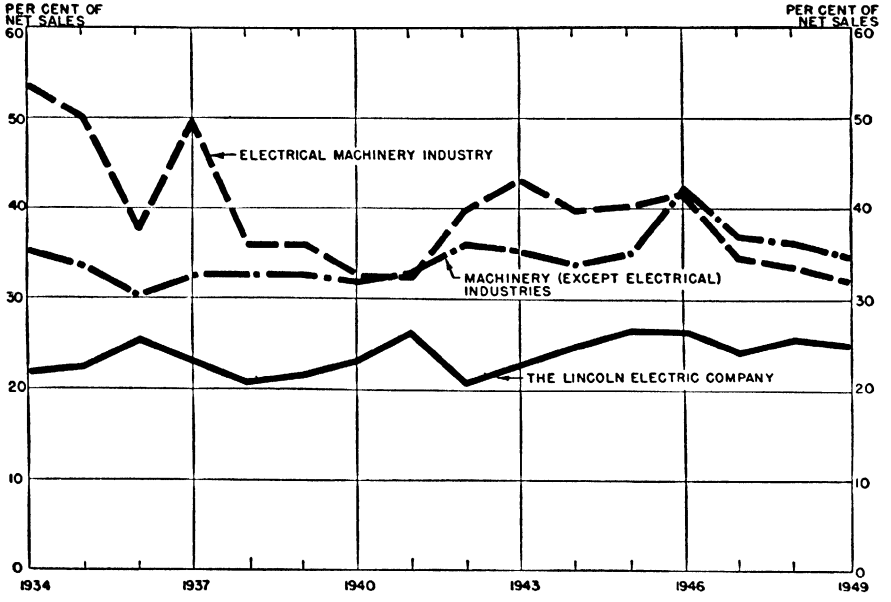
* *Petitioner's Exhibit No. 126*

EXHIBIT 2

Appendix to Observations on the Lincoln Electric Company

EMPLOYMENT COSTS AS A PERCENTAGE OF NET SALES

THE LINCOLN ELECTRIC COMPANY, THE ELECTRICAL MACHINERY INDUSTRY, AND THE MACHINERY (EXCEPT ELECTRICAL) INDUSTRIES, 1934–1949



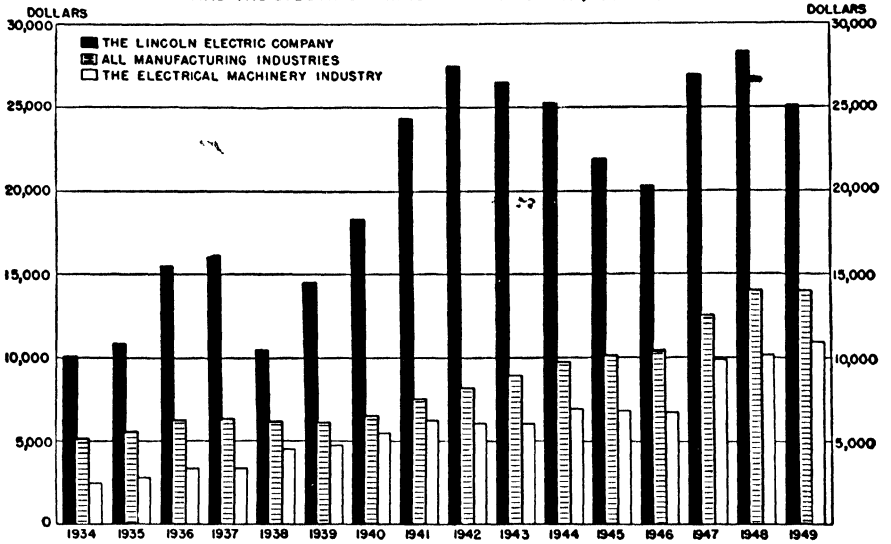
Petitioner's Exhibit No. 162

EXHIBIT 3

Appendix to Observations on the Lincoln Electric Company

SALES VALUE* OF PRODUCTS PER EMPLOYEE

THE LINCOLN ELECTRIC COMPANY, ALL MANUFACTURING INDUSTRIES, AND THE ELECTRICAL MACHINERY INDUSTRY, 1934–1949



*At current prices.

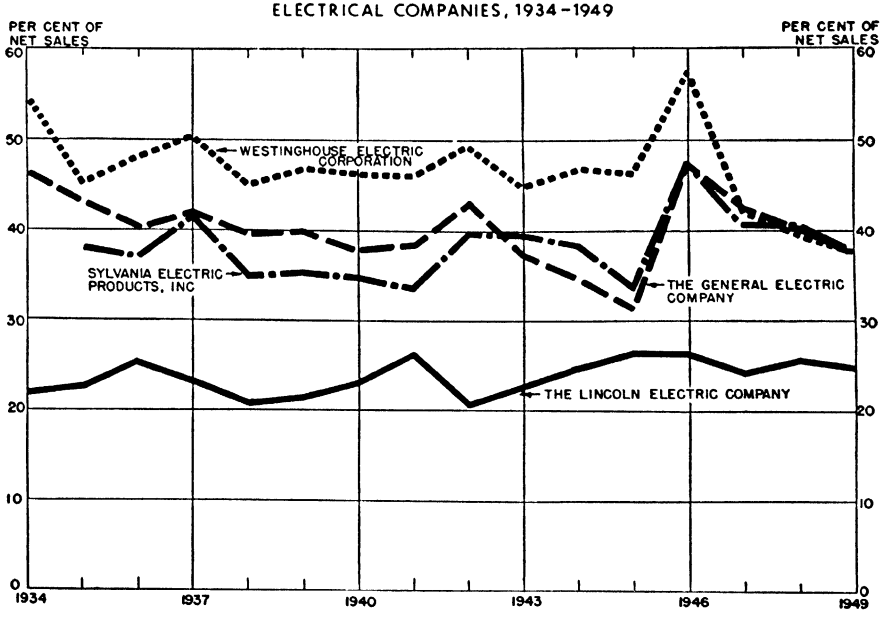
Respondent's Exhibit KK

EXHIBIT 4

Appendix to Observations on the Lincoln Electric Company

EMPLOYMENT COSTS AS A PERCENTAGE OF NET SALES

THE LINCOLN ELECTRIC COMPANY AND OTHER SPECIFIED ELECTRICAL COMPANIES, 1934–1949



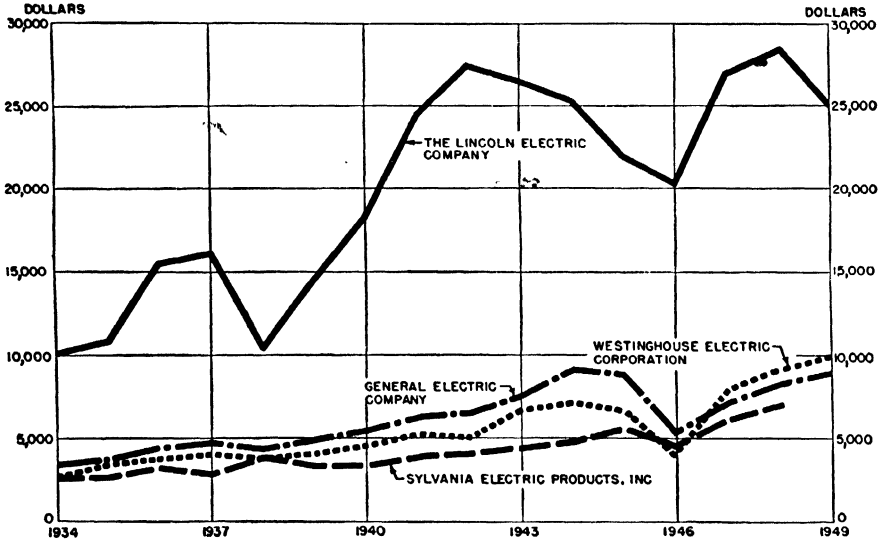
Petitioner's Exhibit No. 166

EXHIBIT 5

Appendix to Observations on the Lincoln Electric Company

SALES VALUE OF PRODUCTS PER EMPLOYEE

THE LINCOLN ELECTRIC COMPANY AND THREE OTHER SPECIFIED ELECTRIC COMPANIES, 1934–1949



Respondent's Exhibit LL

From *THE SOCIAL PROBLEMS OF AN INDUSTRIAL CIVILIZATION**

by

ELTON MAYO

But what is the real implication of the word *democracy* about which the Anglo-Saxon civilizations discourse so endlessly? The difference between English-speaking democracy and all other forms of government is important and profound. All other forms of government are monophasic; democracy alone is polyphasic. Other forms of government, from imperial Rome to the debased fascism of Mussolini, could be represented in an engineering blueprint—authority concentrated at the top, lesser authorities functioning down the scale only by permission or a delegation of authority from the top. "The great *Leviathan* of Hobbes, the *plenitudo potestatis* of the canonists, the *arcana imperii,* the sovereignty of Austin, are all names of the same thing—the unlimited and illimitable power of the law-giver in the State, deduced from the notion of its unity. It makes no difference whether it is the State or the Church that is being considered."[1]

In the democracies there is no such final concentration of authority at the top; theoretically the locus of authority moves from place to place according to the demand of the situation. Democratic forms of government are immeasurably superior to all other forms, from monarchy to communism. Whereas all other forms are medieval and rigid—authority central, whether termed King or the Law—the democratic form approximates very nearly to the norm of human and social development. During a national emergency—depression, war, pestilence, flood, famine—the central authority must assume powers, for the time being, as arbitrary as those of a tyrant. But when the emergency passes, the central control is relaxed and the locus of authority again passes to the peripheral organizations; for it is always in the informal groups at the work-

* Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1945, pp. xiv–xvi. Quoted by permission of the President and Fellows of Harvard College.

[1] John Neville Figgis, *Churches in the Modern State* (London: Longmans, Green & Co., 1913), p. 79.

ing bench and elsewhere that spontaneity of cooperation originates. The central and peripheral authorities thus supplement and complete each other—logical and purposive control from above, spontaneous and cooperative control from below. Historically speaking, the great democracies represent a quest for wisdom in control rather than authority, an attempt to set the locus of decision in any difficulty approximately where the situation demands that it be placed. So a wise administrator frames his policy, and even in modern industry one finds such administrators. Full expression by the groups affected is as important as a logical and purposive scheme framed by the few who possess high technical skill. For a society must secure the effective participation and cooperation of everyone in addition to the contrivance of technical advance.

Effective cooperation, then, is the problem we face in the middle period of the twentieth century. There is no "ism" that will help us to solution; we must be content to return to patient, pedestrian work at the wholly neglected problem of the determinants of spontaneous participation. The periodic elections of the democracies are but a primitive and crude sketch of a society in which the locus of control shall move in accordance with the dictates of wisdom and understanding. In these matters our political leaders, our scientific leaders, have failed us; we must try again.

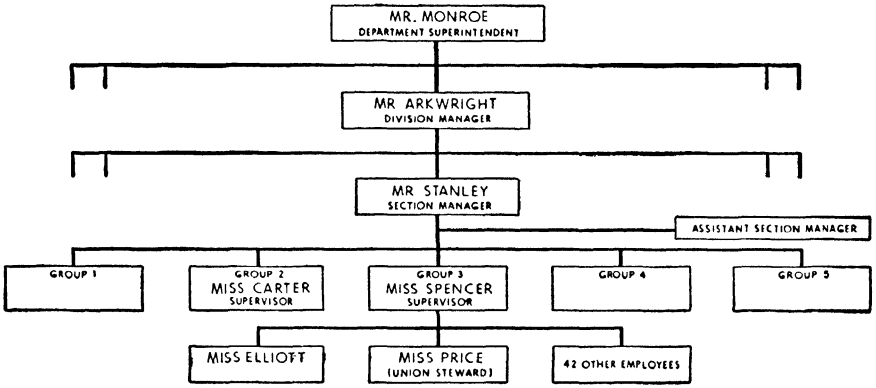
WORTHY MUTUAL INSURANCE COMPANY*

One morning in January, Miss Alice Elliott,[1] who was visibly upset at the time, asked her union steward, Miss Elizabeth Price, to help her secure a transfer to the group in which she had worked previously. Even though the transfer involved returning to an assignment which she considered monotonous and entailing some loss of prestige, and which would place her on a slower wage-progression schedule than her

EXHIBIT 1

WORTHY MUTUAL INSURANCE COMPANY

BILLING DEPARTMENT, PARTIAL ORGANIZATION CHART



present job, Miss Elliott said that she felt it would be more desirable than having to work for Miss Margaret Spencer, her present supervisor. (See Exhibit 1). Miss Elliott complained that Miss Spencer was "picking on her" and criticizing her frequently and unfairly.

Miss Price decided to discuss the grievance with Mr. John Stanley, the section manager, to whom Miss Spencer reported. In her conversation with him, Miss Price stated that, in her opinion, transferring Miss Elliott would not solve the problem. Furthermore, since Miss Elliott was considered by her co-workers to be a "difficult person to get along

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[1] All names have been disguised.

with," Miss Price said that maybe Miss Spencer could have exercised more tolerance and patience in dealing with Alice Elliott.

All the employees mentioned worked in the billing department of an organization that conducted business on a national basis. This particular part of the organization was located in one of the larger cities of the country.

The whole billing department consisted of about 1,400 employees, 216 of whom were under Mr. Stanley's general supervision. His particular section was divided into five groups, each in direct charge of a woman supervisor. He had also one male assistant who performed certain delegated work, but who had no authority or responsibility for the operation of the section. The assignment as assistant section manager was generally considered primarily a training step.

The five groups in Mr. Stanley's section performed various types of work, starting with the simple operations of sorting and filing incoming sales slips in Group 1, and progressing through the various steps of accumulating billing data, to the final operation of preparing customers' bills, which work was performed by Group 5 employees.

Because of the progressive complexity of the work operations, the wage schedule for each succeeding group was set to carry a slightly higher "top" rate, which was obtainable on the basis of seniority.

The company had established a "proficiency" rating plan based on the quantity and quality of work produced. Individual performance was computed monthly and expressed in the form of a numerical index. At the beginning of each month, each employee was advised of her index for the preceding month. Although no comparisons were made with the ratings of other employees, each employee was able to compare her performance with the objective of 100.

The entire operation of producing customers' bills within stated time limits depended on the prompt, accurate work performance of these five separate groups of employees, each performing a specialized part of the whole operation. Failure of one employee to produce adequately and accurately affected adversely the production of her own group as well as those which handled subsequent phases of the billing operation. When employees discovered errors that would affect the production record of themselves or their group, they were expected to refer the errors to their supervisor. This procedure protected the proficiency rating of the employee and the group locating the error.

Mr. Stanley considered all these factors as he listened to Miss Price. He thought that the grievance probably had been precipitated by the discussion which Miss Spencer, the supervisor, had had with Miss Elliott earlier that same day about the quality of her work. Because of 50 errors on 38 statements prepared by Miss Elliott, two of her co-workers had been unable to balance their accounts receivable ledgers within prescribed time limits. They had reported the situation to Miss Spencer who thereupon had reviewed the facts with Miss Elliott.

For some time the quality of Miss Elliott's work had been a source of concern both to Miss Spencer and Mr. Stanley. He thought, however, that Miss Spencer had tried to be most careful in her dealings with Miss Elliott, even, he suspected, to the point of refraining from discussing some cases of rule infractions or poor performance which clearly merited some action.

In discussing the grievance with Miss Price, the union steward, Mr. Stanley informed her of those factors which had a bearing on the problem. He reviewed with Miss Price the records in the personnel file, which, he said, indicated clearly that Miss Spencer had shown Miss Elliott a great deal of consideration and kindness. After discussing the evidence, Miss Price agreed that patience and understanding had been accorded Miss Elliott, and said that she would talk further with Miss Elliott about the situation.

On the following morning Miss Spencer advised Mr. Stanley that Miss Price had requested that a meeting be arranged that would include Miss Elliott, Miss Spencer, and herself. Mr. Stanley concluded that the situation required deft handling and prompt settlement. Also, it seemed to him that temporizing further with the matter might have serious repercussions on the rest of the force. In preparation for the showdown that he expected, he reviewed the case with Jerome Arkwright, the division billing office manager, who was his immediate superior. The latter felt that the situation was serious enough in its implications to refer it to Mr. Monroe, the department superintendent, for advice.

Mr. Stanley thereupon had a long talk with Mr. Monroe, at which time he related all the details about Miss Elliott with which he was familiar. He explained that Miss Elliott had been with the company for five years, during which time she had been guilty of many infractions of the rules. Most of them had occurred within the last year while she was under Miss Spencer's supervision. Her former supervisor, Miss

Carter, for whom she had worked for approximately a year, had recorded only the fact that Miss Elliott resented criticism. Mr. Stanley, the section manager, however, felt that Miss Elliott had not changed, and that Miss Carter, knowing her to be a problem, had been inclined to "close her eyes" to any infractions or poor performance on Miss Elliott's part.

In reviewing Miss Elliott's record with Mr. Monroe, Mr. Stanley pointed out several instances where difficulty at home had adversely affected her performance. One note, dated the previous October 12, stated that at about 9:30 that morning, with her eyes red and swollen, apparently from crying, Miss Elliott had asked for and received her supervisor's permission to go to the infirmary. Later that morning, Miss Elliott's sister telephoned, and upon being told by Margaret Spencer that Alice was in the infirmary, proceeded to discuss the difficulties her sister was having at home. The sister concluded the conversation by asking Miss Spencer to tell Miss Elliott that she had something of importance to tell her and that she would meet her for lunch. Since Miss Elliott had not returned by 11:30, Miss Spencer, in an effort to deliver the message, found her in the retiring room smoking a cigarette and engaged in a telephone conversation. When Miss Elliott made no acknowledgment of Miss Spencer's presence, Miss Spencer excused herself, delivered the message, and at the same time asked Miss Elliott why she had not been to see the nurse. Miss Elliott shrugged her shoulders. Shortly after the encounter, Miss Elliott returned to her work.

The record also contained the following notes of a talk Miss Spencer had with Miss Elliott on the following morning: Miss Spencer had tried to help Miss Elliott. She had asked Miss Elliott why she felt she could not discuss her problem with her when she had talked it over with another supervisor who was not in their section. Miss Elliott stated that since Miss Spencer had such ideal home conditions, she could not be expected to understand her home situation; that the other supervisor knew Miss Elliott's family background and appreciated her problem. Miss Elliott went on to say that her actions of the previous day resulted from a quarrel she had had with her mother. She enumerated the many accusations made by her mother, and said she was thinking of leaving home because her mother was driving away all her friends. Miss Spencer suggested that she discuss her problems with some member of her immediate family, a relative, or their family physician, but Miss Elliott replied, "It's no use; they are all on my mother's side."

Miss Spencer had thought that while the other employees were eager to listen to Miss Elliott's discussions during working hours, they were not anxious to have her for a friend. She suggested to Miss Elliott that it might be wise to refrain from making detrimental remarks about her family in the office, and attempted to make her realize that it did nothing but cast reflections on herself.

In continuing the discussion, Miss Spencer told Miss Elliott that although she was quite sympathetic to her problem, she felt that Miss Elliott could be more conscientious about her job. For instance, her many visits to the washroom and cafeteria were unnecessary. Miss Spencer said she felt that the two regularly scheduled relief periods, one in the morning and afternoon, were sufficient. The notes on this conversation concluded with the statement that Miss Spencer had asked Miss Elliott to refrain from making so many personal telephone calls and visiting other employees on different floors during working hours

The record further showed that about two weeks after this discussion, shortly after 8:00 o'clock one morning, Miss Spencer found Miss Elliott with her head in her hands, leaning on her typewriter. Upon being questioned, Miss Elliott said she felt dizzy and upset because she had had another quarrel with her mother. Although she did stay on the job that day, on the following morning she telephoned to say that she was very nervous and was going to see her physician but would report for work later, which she did. She told Miss Spencer that her doctor had advised her to get more rest and said that she should remain at home at least a few nights during the week.

That afternoon Miss Elliott's mother called Miss Spencer and asked her, "Please do something with my daughter." She went on to say that her daughter's behavior was causing the entire family much anxiety. She said she felt that if Miss Spencer would talk to her, her daughter would be receptive to Miss Spencer's suggestions.

Mr. Monroe, the billing department superintendent, after hearing Mr. Stanley's description of Miss Elliott's problem, decided that they should immediately call a meeting to discuss the case. He invited Mr. Arkwright, Mr. Stanley and Miss Spencer to come to his office.

They again reviewed Miss Elliott's personnel records, and considerable discussion ensued. After consideration of the recorded facts and of the comments of the assembled management group, Mr. Monroe suggested they have Miss Price, the union steward, join them. When

she appeared, Mr. Monroe told her that after his review of the case history he had come to the conclusion that Miss Elliott was not the type of person desired in the organization. He went on to say that he thought that she should be dismissed without further ado.

Miss Price resisted the thought of dismissal, stating that since Miss Elliott had done a satisfactory job on her previous assignment, she should be given a further chance.

QUESTIONS

1. As you see them, what are the administrative assumptions and implications of the system whereby each of the clerical workers was rated monthly according to a proficiency index? What, in your opinion, are the administrative assumptions and implications of that part of the procedure according to which employees who found errors in the work which had been done in the previous phase reported these errors to their superiors?
2. What do you think of the administrative behavior of Miss Price, Mr. Stanley, Miss Spencer, Mr. Arkwright, Mr. Monroe, and Miss Carter?
3. Following Miss Price's statement that Miss Elliott should be given another chance what, if anything, should Mr. Monroe reply? Mr. Arkwright? Mr. Stanley? Miss Spencer?
4. If this situation, as outlined in the case, came to the attention of the president of the company, what conclusions, if any, should he reach? What, if anything, should he do?

From *THE CARDINAL**

by

HENRY MORTON ROBINSON

The outstanding fact about the Hartfield Curia—the board of ecclesiastics that acted as [Bishop Stephen Fermoyle's] aides and advisers—was the extreme age of its members.

. . . . . .

The only clash occurred when Chancellor Shane finished reading his report on the financial position of the Hartfield see. The report itself was encouraging: there existed a working capital of four hundred and fifty thousand dollars—not a vast reserve when checked against annual expenditures. Half of this sum was in cash, and the remainder in Grade A common stocks. Both cash and securities were held, of course, in the Bishop's name as a corporation sole.

"Should we not," the Chancellor was asking, "divert a larger portion of our cash into the purchase of common stocks?"

Stephen fingered the typewritten sheets of Monsignor Shane's financial report, which included a portfolio of the securities owned by the Diocese. He scanned the list: Aluminum Corporation, Carbon and Carbide, Pennsylvania Railroad, International Nickel, Standard Oil, United States Steel. Blue chips all. "What is the history of these investments, Monsignor Shane?" asked Stephen. "When were they purchased, on whose advice, and at what cost?"

Chancellor Shane had the matter at his finger tips. "Bishop Qualters bought them in 1922, at the suggestion of his brokers, Demming, Condit, and Hughes. Steel was picked up at eighty-five. Aluminum at one hundred and fifty. In the past six years all the diocesan holdings have more than doubled in value. The best financial opinion is that they will go higher." A litmus test of Monsignor Shane's voice would have indicated the presence of acid. "Very much higher."

Stephen pondered his reply. "One hundred per cent would seem a reasonable profit. Suppose we sold now?"

* Reprinted from *The Cardinal* by permission of Simon and Schuster, Publishers. Copyright 1950 by Henry Morton Robinson. (Pp. 389–92.)

Drawstring muscles tightened the Chancellor's lips. "Why sell, Your Excellency? These are boom times."

. . . . . .

"I don't pretend to any special knowledge of the stock market," said Stephen. "Doubtless these shares will go higher. Yet I'd feel safer if we held onto our cash, and converted these common stocks"—he tapped the portfolio with his finger—"into less hazardous securities."

The Bishop solicited opinions from his consultors. "Feel free to speak, gentlemen. Remember, it's diocesan money that's involved."

Father Drumgoole led off. "I see in the *Times* this morning that Steel went up four points. If we ride along with the market another six months, we might get enough to finish the outpatient department of St. Andrew's."

Whether Vicar-General Drury's head was nodding assent or merely shaking with age, Stephen couldn't tell. Monsignor Drury said nothing. Tom Kenney volunteered, "A friend of mine in Wall Street tells me we haven't seen anything yet."

Chancellor Shane took the candid role. "Why not consult with Harry Condit down at Demming, Condit, and Hughes? He'd give us the professional slant."

Briefly, Stephen considered the proposal. "We all know what that would be, Monsignor. 'Load up.' 'Double your holdings.' 'Don't sell America short.' Maybe it's smart professional advice." The Bishop of Hartfield studiously kept the iron out of his voice. "But we're not going to take it. Monsignor Shane, I want you to sell these stocks at the market opening tomorrow. Deposit the proceeds in the Hartfield Trust Company, and tell Hammond, their vice-president, that we want to put our money into the safest, solidest bonds he can buy for us."

No one at the table made an audible murmur of dissent.

PAN AMERICAN STEEL COMPANY*

Thomas Upham,[1] a man in his early forties, attended the Advanced Management Program[2] of the Harvard Business School in the spring of 1948. Mr. Upham was the older son of William Upham, who was the president of the Pan American Steel Company, Inc. Thomas Upham had been graduated close to the top of his class from a well-known technical school in New England. He had concentrated in the field of mechanical engineering. Following his graduation, he took a Master's degree in mechanical engineering. Upon completion of his studies, he had spent two years traveling about the United States and Europe studying steel manufacturing processes. At the age of 25, Thomas Upham went to work as assistant plant superintendent in one of the smaller plants of the Pan American Steel Company, Inc. In the years that followed, Thomas Upham became successively superintendent of the plant in which he began to work, assistant superintendent of one of the medium-sized plants, and then superintendent of one of the medium-sized plants, and subsequently assistant to the vice-president in charge of production. This was the job which Thomas Upham held when he attended the Advanced Management Program.

In his work as assistant to the vice-president in charge of production, Mr. Upham found himself occupied in a variety of assignments. For example, he was a member of the company's committee which negotiated with unions; he went abroad on two or three occasions to negotiate with foreign companies who were licensees of patents owned by Pan American or who owned patents for which Pan American was the United States licensee; he worked with various firms of management and engineering consultants who were called in from time to time on various projects; he attended meetings of various professional

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[1] All names have been disguised.

[2] The Advanced Management Program was a three months' course of study for experienced executives. It was intended for men (usually in their forties) who were considered by their top managements to be capable of advancement to positions of considerable responsibility. These executives were sent to the Program at company expense.

societies of engineers and trade associations of steel manufacturers. He had gone to Latin America on three occasions to supervise the erection of various structures for which a subsidiary of Pan American was the contractor. He had received assignments from his own immediate superior, the vice-president in charge of production, as well as from his father, the president of the company. From time to time he had received assignments also from the vice-president in charge of sales, the vice-president in charge of foreign operations, and from the vice-president in charge of personnel.

In talking about his work with one of the professors at the Harvard Business School, Mr. Upham stated that he enjoyed his work a great deal but that he sometimes found himself in a state of confusion as to where he "fitted in" the organization. He had several times asked his father to clarify his position for him. His father had always been evasive on this subject, Thomas Upham said. For example, on one occasion when a firm of management consultants had been called in to prepare an organization chart and manual for the top management of the company, each executive who was at a comparable level to Thomas Upham had had his job described in considerable detail. Thomas Upham was simply listed as "special assistant" to the vice-president in charge of production, but nothing further was indicated in the organization chart or manual as to what his job consisted of. Thomas Upham said he had worried a great deal about this but that his father had dismissed this subject simply by saying, "It's best to have it that way."

In the fall of 1948, Thomas Upham paid a visit to the Harvard Business School and had lunch with one of the professors with whom he had worked while attending the Advanced Management Program. During the course of the conversation, Thomas Upham described the following incident:

"You'll be interested in this. This will give you some idea how my father operates. One of our smaller plants is in a rural area of Pennsylvania. We own a very pleasant tract of land with a couple of hundred acres on the west of the plant site. On one of his visits to the plant, my father and the plant superintendent thought it would be nice to plant this tract of land as a park with grass, pools, and evergreen trees. My father thought it would beautify the site and make an attractive

park which would be open to the public as well as to the employees who worked at the plant. The plan of landscaping and planting was carried out.

"When my father visited the plant the following spring, he was delighted with the appearance of the park and especially of the many evergreens which had been planted. It was two years later before my father visited the plant again. At this time he noticed that many of the evergreens which had been planted in the park were dying. Upon inquiring, my father found that nobody had been called in to find out what the trouble was with the trees. At my father's urging the plant superintendent called in a firm of tree experts that very afternoon, and he and my father and the tree experts studied this situation. The tree experts said that the evergreens had died and were dying because they had not been adequately watered.

"My father was deeply troubled, and upon returning to the home office, he had the plant superintendent transferred to be assistant superintendent at a smaller plant. In talking about this, my father said that he had come to the conclusion that the plant superintendent was not a "big enough" man to take the responsibility of being plant superintendent. He said he based this belief primarily on what happened to the trees. As my father pointed out, hundreds of people passed by those trees every day, including the plant superintendent. Every day these people had the opportunity to see what was going on, and yet nobody, including the plant superintendent himself, apparently had the initiative or the feeling of responsibility to inquire what was wrong with the trees and to initiate action to have something done about it.

"My father said, 'If there had been just one single person in the plant with enough initiative and sense of responsibility, something would have been done, and those trees would have been saved. That plant does not have the right atmosphere. If they can't take initiative and responsibility in such a thing as the trees, then that plant is in a dangerous situation. We need somebody down there who can build up the atmosphere in that organization so that when anything goes wrong, every single person in the plant will feel that it is his responsibility to exercise some initiative and to do whatever he can within his limitations to make sure that the situation is taken care of or that somebody is called in who can take care of it. That's the way our plants have always been and that's the way it's got to be all the time.' "

From *THE PERSIAN EXPEDITION**

by

XENOPHON

. . . Of all the Persians [Cyrus] was the most like a king and the most deserving of an empire, as is admitted by everyone who is known to have been personally acquainted with him.

. . . . . .

Generals and captains who crossed the sea to take service under him as mercenaries knew that to do Cyrus good service paid better than any monthly wage. Indeed, whenever anyone carried out effectively a job which he had assigned, he never allowed his good work to go unrewarded. Consequently it was said that Cyrus got the best officers for any kind of job.

When he saw that a man was a capable administrator, acting on just principles, improving the land under his control and making it bring in profit, he never took his post away from him, but always gave him additional responsibility. The result was that his administrators did their work cheerfully and made money confidently. Cyrus was the last person whom they kept in the dark about their possessions, since he showed no envy for those who became rich openly, but, on the contrary, tried to make use of the wealth of people who attempted to conceal what they had.

Everyone agrees that he was absolutely remarkable for doing services to those whom he made friends of and knew to be true to him and considered able to help him in doing whatever job was on hand. He thought that the reason why he needed friends was to have people to help him, and he applied exactly the same principle to others, trying to be of the utmost service to his friends whenever he knew that any of them wanted anything.

. . . . . .

Often, when he had had a particularly good wine, he used to send jars half full of it to his friends with the message: 'Cyrus has not for a long time come across a better wine than this; so he has sent some to you and wants you to finish it up to-day with those whom you love best.' Often too he used to send helpings of goose and halves of loaves and such things, telling the bearer to say when he presented them: 'Cyrus enjoyed this; so he wants you to taste it too.'

. . . . . .

Whenever he went on an official journey, and was likely to be seen by great numbers of people, he used to call his friends to him and engage them in serious conversation, so that he might show what men he honoured. My own opinion, therefore, based on what I have heard, is that there has never been anyone, Greek or foreigner, more generally beloved.

. . . . . .

What happened at the time of his death is also a strong proof not only of his own courage but of his ability to pick out accurately people who were reliable, devoted and steadfast. For when he died every one of his friends and table-companions died fighting for him, except Ariaeus, who had been posted on the left wing in command of the cavalry. When Ariaeus heard that Cyrus had fallen, he and the whole army which he led took to flight.

* Translated by Rex Warner. Penguin Books: Harmondsworth, Middlesex, 1949, pp. 52–56. Reproduced by permission of translator and publisher.

MISSOURI CORPORATION*

About two years ago, Edgar Hitchcock,[1] who held the position of first assistant treasurer and secretary of the Missouri Corporation, died suddenly. Within a few weeks, Howard Billings, the assistant to the president, was appointed to fill the vacancy. This appointment seemed to cause considerable consternation among the officers and other personnel of the treasurer's division of the corporation. Many of these people were much puzzled that the controller and assistant treasurer of the corporation had not been promoted to fill the vacancy caused by the death.

The Missouri Corporation was a public utility holding and operating company. Over 90 per cent of its common stock, of which there was only one class, was held by the Western Gas and Power Association, Inc., a holding company owning and controlling numerous public utility properties and subsidiaries (in the United States, United States territories, Canada, and Latin America). The Missouri Corporation, in addition to operating gas and electric properties serving a good-sized western city and neighboring towns, also managed several wholly owned subsidiaries, mostly located in nearby areas.

The president of the Missouri Corporation, Alden Standish, had worked most of his active life with the company, starting in as an accountant when he was in his late twenties. In the course of his career with the company, Mr. Standish had risen progressively from the position of accountant to head one of the larger sections under the the controller. From this position he subsequently was promoted to controller and assistant treasurer. Some years later, he was promoted to first assistant treasurer and secretary of the corporation. After some years in this position, Mr. Standish had been promoted to vice-president and treasurer, and it was from this position that, a few years ago, he had been elevated to the presidency. A partial organization chart of the company is shown in Exhibit 1.

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[1] All names have been disguised.

The present vice-president and treasurer, Bradford Edwards, had followed a very similar line of promotion, having passed, as did Mr. Standish, successively through the office of controller and assistant treasurer and, later, that of first assistant treasurer and secretary of the corporation.

Edgar Hitchcock had also come up within the treasurer's division, and prior to being appointed first assistant treasurer and secretary of the corporation, had held the office of controller and assistant treasurer.

When John Custer, the present controller and assistant treasurer was not promoted to fill the vacancy caused by the death of Edgar Hitchcock, the former first assistant treasurer and secretary of the corporation, it came as quite a shock to the entire treasurer's division. Mr. Custer was a man of about 55 and had had almost 30 years' service with the company. Mr. Edwards, the vice-president and treasurer, was about 62 and had been with the company for well over 30 years. Howard Billings, the assistant to the president, who was appointed to fill the vacancy caused by the death of Edgar Hitchcock, was about 45 years of age and had held the position of assistant to the president for about 5 years.

About two years after Billings had been promoted to fill Hitchcock's position, Worth Harvey, head of the tax section under John Custer, was sent to the Advanced Management Program of the Harvard Business School.[2] While at Harvard, Harvey discussed his predicament with a member of the Faculty.

In Harvey's words, "It sure played hell with our department when Custer didn't get that promotion. I guess all of us had just assumed, after Hitchcock died, that Custer would get the nod, and when he didn't, all of us, I guess, were thrown for a loss. Billings is a very able man, and in my opinion is very much more able than Custer. But it seemed to us, as I look back on it, that all possibilities of promotion for us in the department went out the window when Custer didn't get that promotion, and most of us felt that our chances of getting ahead had been definitely blocked, and that we were stymied behind a man who had gone as far in the organization as he was ever going to go, and that there just was no way any of us would ever get ahead."

Harvey continued: "As a matter of fact, some of our people and some of our best people in the controller's department have quit

[2]For a description of the Advanced Management Program, see footnote 2, p. 611.

within the last two years, and I have had a good chance to observe Custer. He seems to be completely dispirited and discouraged, and I am sure that his attitude has filtered down through the whole department. Now you know that the controller in a company like ours has always got to be looking ahead and thinking in terms of years into the future, yet there have been many occasions when I, for example, have taken things to him dealing with long-range problems, when he will say, 'Don't bother me with these things—I won't be around when you fellows will have to worry about them. I won't be around here very much longer and I'm glad of it. You fellows can worry about those things when the time comes and I have retired and I am down playing shuffleboard in Florida.'

"In other words, Custer just doesn't seem to give a damn about anything which has to do with the long-range future. He will probably be with the company for another 10 years, because I am sure that he will never be fired—our company doesn't operate that way. He will be kept on until he's ready to be retired, and all of us are going to be stymied behind him. I have worked for Custer either directly or indirectly for 13 years, and I know that he is a good man. I feel sure that the company was right in not promoting him, but I sure do hate to think about going on this way for 10 years.

"As a matter of fact, I've got a real question on my mind which I'd like to talk about. I just don't know where I am or where I'm going in the company. It so happens that Hitchcock, the first assistant treasurer who died, in addition to all his official duties, used to handle all the personal financial matters of the president of the company. That is to say, he used to make up his income tax returns and kept track of his investments and all that sort of thing, in addition to handling many of the most confidential financial matters of the company. When he died, Mr. Standish, the president, asked Mr. Edwards, the vice-president and treasurer, who would be a good man in the organization to take over some of his personal financial matters, as well as some of these very confidential matters for the company, and Mr. Edwards recommended me. In the last two years I have had a good bit of direct contact with Mr. Standish, and I go down to his office at least once a week on all these things. I've sort of been in a funny position because, obviously, I can't tell the fellows I work with what these things are that I'm doing except that 'it's confidential.' And, of course, they

always think that I'm playing kind of cozy. And, of course, it gives me kind of a funny feeling, too, to realize that I'm going over Custer's head and not only that, but even over the head of Mr. Edwards, as it were, when I go down to the president's office. But I have enjoyed this work and I know that I've learned a great deal from it, as well as from Mr. Standish, himself, who is an extraordinarily able man. In addition to being president of the Missouri Corporation, he is on the board of directors of Western Gas and Power and, of course, that is a really big job.

"In the past couple of years I feel that I've made more progress than I have in the whole 15 years I've been with the company. My salary has gone up, although not particularly more so than it would have anyway. But I know I've learned more, and I've come to feel pretty strongly that I'm ready for a bigger job. As a matter of fact, Mr. Standish has told me, 'Harvey, you're far too good a man for this company and some day maybe we can do something about it.' Now I don't know what he meant by that. Sometimes I've thought that he meant that he might be able to put me into a better job in one of the other subsidiaries of Western Gas and Power, but then, I don't know.

"About a year ago we were negotiating for the acquisition of a power and light company in the next state. We have exchanged power with them for years. And I was really taken aback one day when Mr. Edwards called me down to his office and told me that he wanted me to go with him while he was making a final investigation of the matter and working out the final terms under which we were going to acquire this new subsidiary. Of course I didn't contribute very much, but I did get to know Mr. Edwards rather well, and on a fair number of points he did ask me what I thought. After a couple of weeks, when we got back to town and the plan he drew up was approved by our own board of directors and by the board of Western Gas and Power, he called me in and thanked me again for being helpful to him in writing up this proposal which had been adopted. But then again, I always felt very funny about this thing because again I was, so to speak, going over the head of Custer. Not that he has ever said anything about it, but I just know that he must have some feelings on the matter. He has always seemed friendly and in fact, I would consider him in many ways to be one of my good friends in the organization as well as being my boss, and up until two years ago or thereabouts I always felt that

I could talk to him with perfect freedom. But in the last two years, with all that's happened, I feel that there is just a little barrier between us.

"It's a funny thing about Custer that while I know that the company made the right decision in not promoting him, still the fact that he didn't get promoted has done something to the whole controller's department. Howard Billings who is now first assistant treasurer and secretary of the corporation is, I think, as I said, a very good man. He is not a detail man at all, but he seems to be able to get right to the heart of the matter in no time at all, and he has an enormous skill in presenting things. I have seen him sketch out charts and things like that for presenting facts to our management in the way that I know Custer never could do because Custer, I suspect, gets more preoccupied with the details of things and sometimes loses the broad perspective.

"I have kind of a funny feeling about my job in the company—sort of a mixed feeling, you might say. Now don't misunderstand me at all—I have no inclination or thought of leaving the company—it's not that. But it's just that I wonder where the devil I'm going. I know that Mr. Standish himself was the one who selected me to come to the Advanced Management Program, and I have taken that as being an indication that he thinks well of me. As as matter of fact, just before I left, when I was down in his office one day, he said that he was glad I was going to have the opportunity to come to the Advanced Management Program and that he hoped that I would enjoy it. And as I was going out the door, he said with a funny kind of laugh in his voice, 'Now, while you're back there at Harvard, you work real hard and do all your lessons and pay attention to what the professors say, because one of these days I may have some plans for you.

"So there it is. There are all the facts. I'm 39 years old, I've been with the company for 13 years, and now I'm sort of stymied behind a man who isn't going anywhere in the organization and who probably will hold his job for at least another 10 years. At least, I'm pretty sure that the company will never let him go. About a year and a half ago Standish asked me just out of the blue sky one day what I thought he should do about the president of one of our subsidiaries. This man is about 60, or a little over, but apparently had got his company into quite a number of difficulties with labor and with important customers. The president asked me if I didn't think we should get rid of

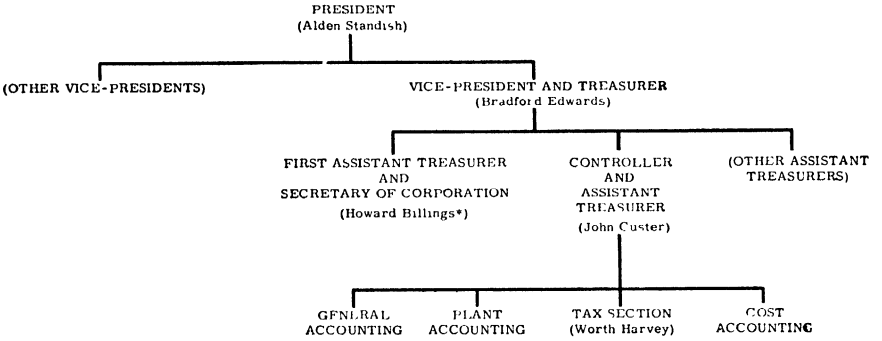
the man. I told him that if I were he, I think I would be very reluctant to fire him, because he only has another couple of years to go before he would have pension rights and he would lose some important rights if he were fired before reaching retirement age; furthermore, it wouldn't be quite fair just because maybe this fellow now isn't what he used to be when he was younger. I told Mr. Standish that it seemed to me the company owed this fellow something for the fact that he had taken over the presidency of this subsidiary when we bought it and it is almost entirely due to his efforts and leadership that the subsidiary has been as successful as it is. Mr. Standish didn't say anything, but the fact is that the man is still on the job, although we did send down a new man to be a special assistant.

"When I show up back at the office in a couple of weeks, I'm going to have a real 'Administrative Practices' problem on my hands because I've still got to get along with Custer, and furthermore, I know some of the other boys in the controller's department are pretty jealous of my being sent back here—at least, I think they are, and I suppose they're wondering what this is all about, particularly when it is taken together with the fact that I have had considerable direct contact with the president for the last couple of years and because of the job I was on with the vice-president. I have also got a problem, and that is the difficulty of getting along with Billings, the new first assistant treasurer and secretary of the corporation. He frequently calls me up on the phone for information or for one reason or another, and sometimes I know that he hasn't cleared it with Custer. I have always made it a point of telling Custer all about these things except on these very confidential matters, of course. And, of course, also, I can't tell him anything about the work which I do for the president on a personal basis. But there you see, I go over his head and I work with Billings. I have had these direct contacts with the vice-president and treasurer and, of course, all this work with the president, and all the time I'm going over Custer's head. I think that that bothers him, and I know that I surely have a funny feeling about it."

EXHIBIT 1

MISSOURI CORPORATION

PARTIAL ORGANIZATION CHART



*Formerly assistant to the President.

*FROM AN ADDRESS**

by

ADLAI E. STEVENSON

What a man knows at fifty that he did not know at twenty years, for the most part, is incommunicable. . . The laws, the aphorisms, the generalizations, the universal truths, the parables and the old saws—all the observations about life which can be communicated readily in handy verbal packages—are as well known to a man at twenty as at fifty. He has been told them all, he has read them all, and he has probably repeated them all before he graduates—but he has not lived them all.

What he knows at fifty that he did not know at twenty boils down to something like this:

The knowledge he has acquired with age is not a knowledge of formulas, or forms of words, but of people, places, actions—a knowledge not gained by words, but by touch, sight, sound; victories, failures, sleeplessness, devotion, love—the human experience and emotions of this earth and of one's self and other men. Perhaps, too, a little faith, a little reverence for things you cannot see.

*At Princeton University, March 22, 1954. (As reported in *The New York Herald-Tribune,* March 23, 1954.) Reproduced by permission of Mr. Stevenson.

INDUSTRIAL CHEMICALS, INC.*

INTRODUCTION

Industrial Chemicals, Inc.,[1] was a chemical-specialty manufacturing organization with an annual sales volume in 1953, of close to $70,000,000. The company's plant and offices were located in the heart of a large Middle Western city and were housed in a sizable modern building which had been erected in 1946, to consolidate the entire operation in one place. Since occupying the new building, the company had continued to expand and there were frequent additions made to the original structure.

Established before 1900, Industrial Chemicals had been founded to manufacture and sell chemical compounds with a number of end uses. Generally speaking, these chemicals were sold to manufacturers and were used in the processing of industrial products. Through the years, particularly after synthetic chemicals came into general use, the management of the company undertook production of any chemical for which there was a reasonable demand and which could be produced profitably in their plant. By 1954, this policy had involved them to a considerable extent in various retail markets as contrasted with bulk sales to industrial customers. Retail products included a household detergent, a patented organic fertilizer, an improved insecticide, and a line of dyestuffs packaged for use in the home.

In most cases, Industrial Chemicals bought the rights to their early synthetic compounds from the European laboratories where they had been discovered. In later years, they supported research in American universities and finally, in the early 1930's, they initiated a modest research effort of their own by hiring an organic chemist and equipping a small laboratory for him in an old warehouse. At that time, the manufacturing operations were carried out in an old building more than a mile from this warehouse and a number of executive offices were at a third location not far from the plant.

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[1]All names and certain other factual data have been disguised to conceal identities.

The organic chemist, Dr. Kurt, worked for several years on projects of his own choosing. He synthesized a number of new compounds, but none of these were judged by company management to be of commercial value. Eventually, however, he succeeded in making a compound which proved to be the ideal solution to a universal problem in the processing of certain high-volume consumer goods. After an extensive period of development, this new compound was placed on the market. It was a tremendous success and on the strength of sales and profits of this one compound, the company's heretofore modest growth curve spurted ahead. Whereas sales volume in 1935 had been approximately $10 million, this had increased to $25 million by 1942, a year in which sales of Kurt's compound accounted for more than half of the total volume.

Impressed with this dramatic demonstration of the fruits of research, management decided to build a research and development organization which, they hoped, would provide the ideas for additional high-volume products. The first steps were modest ones. A second organic chemist, Dr. Hyler, was hired to work with Dr. Kurt, and Dr. Myers was brought into the laboratory to work on development problems. As sales increased, the laboratory was expanded until, by the mid-1940's, it had outgrown the available space in the old warehouse and was overflowing into adjoining buildings. At the same time, the expansion of sales volume had put an impossible burden on the existing plant facilities. Since profits earned by Kurt's compound had placed Industrial Chemicals in a strong financial position and since the potential of several development projects indicated a further jump in sales volume, management decided to go ahead with plans for a new building. Although the war delayed the execution of this plan, the building was finally occupied late in 1948.

The building, when completed, was a four-story structure occupying an entire city block. It was located near a shopping and business center in a pleasant semi-industrial section. The basement and first two floors were largely occupied by the manufacturing division; a large modern cafeteria for employees was located on the ground floor and the executive and sales offices occupied part of the second floor. The offices and laboratories of the research and development division were on the third and fourth floors.

The decor of the entire building emphasized modern efficiency

but was not in any sense luxurious. Every desk in the building, with few exceptions, was a standard metal product which was attractive and efficient but unpretentious. Relatively few executives had offices as such and even these usually had glass walls. Floors throughout the building were covered in asphalt tile, and there were a number of large offices which contained the desks of a dozen or more people.

The various individual and group laboratories of the research and development division were large, well-lighted, and completely equipped. Executives' and supervisors' offices were located close to the laboratories they supervised and a number of plainly furnished conference rooms were placed at convenient points on the third and fourth floors. The actual layout of offices, conference rooms, and laboratories changed constantly between 1948 and 1954 as the research and development division expanded and went through several major organizational changes.

A research team from the Harvard Business School began observing the activities of the research and development division early in the spring of 1954. During the first few weeks of the research, the two men made a number of general observations which helped set the stage for the things they saw and heard later. These observations may be grouped into four main categories: the competitive situation; organization of the research and development division; research and development management policies; and finally, atmosphere and employee morale.

The Competitive Situation

In an industry dominated by a number of very large companies, Industrial Chemicals had survived and prospered by marketing products that were distinguished by one or two features that set them apart from those marketed by their competitors. Although a small part of their business was still done in bulk chemicals, they had gradually turned more and more toward retail markets, with attendant higher margins and less chance that the giants of the industry would force them out of business by using their high-volume operations as a price lever. Typically, their product lines were initiated by a sales-oriented management that was able to spot opportunities, and implemented by a competent development organization that was able to meet the demands of the market by coming up with ideas that enabled Industrial

Chemicals to introduce diversified product lines which were, in many instances, a little better in some ways than anything being produced by competing companies.

For instance, a number of their products were chemicals that were: (*a*) put up in unusually efficient packages, (*b*) had one unusual property which had been gained by adding other chemicals to the standard formula.

It will be noted that, with a few exceptions, notably the compound synthesized 20 years before by Dr. Kurt, these products had originated with top management and/or the scientists of the development laboratories. In only eight cases had completely new compounds synthesized or otherwise discovered by the research laboratories gone through final development and reached the market. Perhaps a score more of the thousands of compounds in the research laboratory files had definite market potential, but, for one reason or another, management had decided not to produce these chemicals.

The product lines of Industrial Chemicals were usually short-lived. Typically, a new product would have relatively heavy sales for a few years and then gradually decline to a moderate or low level. As a result, management was constantly on the lookout for new product ideas and depended heavily on the development organization for the speedy implementation of these ideas. Although provided with a substantial base supplied by the steady high-volume sales of Dr. Kurt's compound, it was evident to management that further expansion depended on a steady stream of new products.

In deciding which products to market, management typically looked for "holes in the dam." If the market for a potential product, even though it were a somewhat improved version, was dominated by one company with a well-established name in the field, ICI management usually decided not to incur the heavy expenses of trying to promote their version. If, on the other hand, they had a clearly superior product in an area where there was no outstanding leader, they would be inclined to promote the product heavily. There were, of course, many marketing decisions that had to be made involving competitive situations that were not as clear-cut as the examples cited above.

Generally speaking, ICI produced chemical products for markets where high margins were the rule and where competition was based more on quality and proven performance than on price. Manufacturing

costs were relatively lower, sales and promotion costs relatively higher than in many industries. Research and development costs, budgeted at $2 million in 1954 on projected sales of $70 million, were at a rate about as high as or somewhat higher than the average for chemical industries, and represented a substantially higher research expense as a percentage of sales than reported by most industries.[2]

The net effect of the competitive situation on the research and development division of ICI, as observed by the research team, was that pressures exerted on division executives by top management to produce new products were constant. Pressures emanated from the same source, although more sporadically, to keep research and development costs down, particularly when general business conditions were depressed.

Organization of the Research and Development Division

The formal structure of the research and development division is traced on the organization chart shown in Exhibit 1. It will be noted that Dr. Mace, the director of the research and development division, reported directly to Mr. Shaver, the president of ICI. He was assisted by Mr. Wright, who, as business manager, supervised a variety of administrative functions including work on budgets, personnel, patent applications, and project co-ordination and who supervised directly the sizable library and service groups.

The second echelon of the management of the research and development division was made up of two men, Dr. Hyler, the director of the research laboratories and Dr. Myers, the director of the development laboratories. Both of these men had been with ICI for 20 years in 1954 and, together with Dr. Kurt, they had formed the original trio of scientists hired in the very early days of the research and development history of the company. Dr. Mace, on the other hand, had been appointed director of the division in 1950. He had previously spent a number of years on the faculty of a leading university and previous to his appointment at ICI had held an executive position in the laboratory management of another company.

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[2]See Dearborn, DeWitt C. et al., *Spending for Industrial Research,* 1951-1952 (Boston, Division of Research, Graduate School of Business Administration, Harvard University, 1953).

Dr. Kurt, who appears on the organization chart as senior scientific advisor, had no supervisory responsibility. As a result of his important discovery in the 1930's, he had been handsomely rewarded financially and, when the company moved into the new building in 1946, had been given a completely equipped laboratory adjoining those of the other organic chemists. He was free to work on whatever interested him whenever he chose to do so. Since his income from company securities had made him independently wealthy, he spent a number of months each year traveling. When he was working, he often collaborated informally with his younger colleagues if their work interested him, and it seemed to the observers that he was regarded with respect and affection by nearly everyone who worked for the company. Although he was over 60, he was invariably addressed or referred to by his nickname. Everyone, from Mr. Shaver down to the lab technicians just out of high school, called him "Rod."

By 1954, there were four departments within the research laboratories, each supervised by a department head who reported to Dr. Hyler. Each department head was responsible for the research projects budgeted to his department. This system was complicated by the fact that personnel of, say, the organic chemistry department often worked on research projects budgeted to other departments or, not infrequently, on development projects that were financed with development funds. The series of cross-charges that resulted from this situation was handled by Mr. Wright's staff.

Research programs originated in several ways; in most instances, a project developed out of interest expressed by one of the research scientists in a particular field or area. Often, a scientist would do preliminary work on a new idea during "elective" time[3] and, if results were encouraging, then try to interest his supervisors and colleagues in his ideas or leads. If he succeeded in doing this, the idea would then be presented to the research committee together with a request for financial support. If the committee reacted favorably, the idea would become a part of a formal project and the interested scientist would usually be assigned to work on it.

Projects were also, on occasion, initiated by suggestions from someone in the management group or as the result of suggestions made by

[3]Professional research scientists were allowed, if they chose, to devote up to 10 per cent of their time to projects of their own choosing within areas reasonably close to the company's field of interest.

outside consultants in various fields. Assignment to these projects was normally put up to the scientists as a matter of choice—that is, a man would not be asked to work on something that did not interest him.

In nearly every instance a research department would have a broad major project in its particular functional field which would be staffed by a group of scientists, and would also be working on a number of subsidiary projects each staffed by a senior scientists together with his juniors and technicians.

The chemical processing department was unlike the other research departments in that, as its name implies, it was not devoted to research as such, but rather to servicing the other research departments. For instance, if an organic department scientist synthesized a new compound which looked particularly interesting, the chemical processing department would be asked to make a larger batch of the compound for testing purposes. This would then be turned over to the analytical department for testing or perhaps to a development project group.

The development laboratories under Dr. Myers were organized somewhat differently. Reporting to Dr. Myers were two associate directors, Dr. Rossian and Dr. Holden. Dr. Rossian was directly responsible for the development project groups, which handled most of the development work, and for a small product development laboratory. Dr. Holden, besides having supervision over the pilot plant, was in charge of new product development which was centered in a special group called Special Project X. The function of this group was to look for and do preliminary development work on new ideas for products. If this preliminary work convinced management that the idea had possibilities, further development of it was carried out by a project group under Dr. Rossian.

Interlaced with and vital to the operation of the line organization of the research and development division were a number of committees. As a matter of policy, much of the planning was done as the result of committee recommendations and practically all important questions were referred to one or another or several of the committees for decision. Dr. Hyler, as chairman of the research committee, had the responsibility of making decisions involving research activities or of referring questions to the research and development operations committee, with Dr. Mace as chairman. Dr. Myers, as chairman of the development committee had a similar responsibility in his area. Dr.

Mace sat as a member of both of these committees. Mr. Shaver, the president, was a member of the research and development operations committee and of the new products committee. The latter body, which was also headed by Dr. Mace, considered questions involving the new ideas developed by Dr. Holden and his group.

Research and Development Management Policies

In an early conversation with the two researchers from the Harvard Business School, Dr. Mace outlined a number of policies which had developed within the company and constituted management philosophy. He stated these policies as follows:

1. *Functions of Committees*—Decisions referred to committees in the research and development division are to be made by the chairmen of the various committees. The other members of the committee act as advisors to the chairman to help him reach decisions which make sense.

2. *Right of Appeal*—The preceding policy carries with it a policy that everyone should be content with a decision that has been made. If an individual or group should have serious reservations about the wisdom of a decision, it becomes the responsibility of the committee chairman to review it. If he cannot satisfy the dissenter or dissenters, the decision should be modified or further study should be undertaken of the facts involved.

3. *Information*—Personnel down to the lowest echelons are to be kept fully informed of what is going on in the division, even on confidential matters where the danger of leakage to competitors is substantial. Minutes of meetings are distributed widely throughout the division as are certain reports and memoranda.

4. *Channels*—Information may be passed back and forth outside of formal channels whenever it seems desirable and it is not necessary to keep intervening echelons aware of such information unless it is obviously appropriate. Decisions, on the other hand, must go through channels, or if decisions are made outstide the channels, intervening echelons must be kept informed of decisions that have been made.

5. *Co-operation*—While not a formal policy, Dr. Mace regards the preservation of co-operative attitudes as his responsibility. He believes a spirit of co-operation was part of the organization when he

came into it and he guards it carefully as the chief executive of the research and development division. He sees one manifestation of this co-operative spirit being the idea that subordinates work with, not for, their superiors. He guards the spirit of co-operation by insisting that no one "builds fences around his organization" and by hiring people who show ability to get along with others rather than those who have extraordinary technical skill, but who cannot or will not co-operate with their colleagues.

Atmosphere and Employee Morale

Although there were numerous individual complaints concerning work and relationships within the research and development division, the researchers from the Harvard Business School reached a conclusion early in the period of their research at ICI which they found no reason to change during later stages of the research. They quickly sensed that employee morale in the research and development division was very high, relative to other situations they had observed, and evidence to support this belief far outweighed evidence to the contrary in the weeks of observing that followed.

In trying to account for this high morale, the researchers noted a number of facts and opinions. For instance:

1. *Physical facilities,* such as work places, rest rooms, laboratories, recreation rooms, and the employee cafeteria were all of the highest quality. The cafeteria particularly seemed unusually good in regard to the quality and planning of menus and the low prices charged.

2. A *spirit of informality* was in evidence from the president of the organization on down. Mr. Shaver habitually ate in the cafeteria or attended committee meetings in his shirt sleeves and it was apparent to the observers that everyone else dressed as he pleased. Secretaries smoked at their desks or while taking minutes at committee meetings. Everyone called everyone else by his first name.

3. There was a pervading *atmosphere of confidence* in the integrity and intelligence of the individual employee which manifested itself in several ways. One of these was the handling of "coffee breaks." The rule, well known to everyone, was simple—"you may take a coffee break between 10:00 and 10:30 in the morning and another between 3:00 and 3:30 in the afternoon. Please do not stay away more than

15 minutes and please do not abuse this privilege." It seemed obvious to the observers that no one did abuse the privilege. Another example was the lengths to which top management would go in keeping people informed. As one junior executive put it, "I can get the quarterly profit and loss figures from the accountants before the board of directors see them—all I have to do is ask." A group of junior scientists stated, when questioned by one of the observers, that they felt a sense of belonging and of being trusted. They said they were regarded by management as adult human beings who wanted to do a good day's work instead of as children who would get away with anything they could.

4. The observers also noted a *spirit of helpfulness* that appeared to be nearly universal. People helped each other in a number of ways. One way was what the observers came to call "the gentle needle." This consisted of one employee quietly or jokingly calling to the attention of another something left undone or a report that required action immediately. This spirit was also evidenced in the way everyone in the organization went out of his way to steer visitors correctly or to indoctrinate new employees.

5. Finally, *financial rewards* were generally regarded as better than average for the industry and type of work being done.

A Word about the Cases

The series of cases which follow this introduction were prepared from field notes made by a research team from the Harvard Business School. Each case represents a distillation from the notes of the observers—it therefore is readily apparent that individual cases do not represent a complete picture of what went on at a particular place or time, nor, in the broader sense, does the series as a whole tell the complete story of the research and development division. Each case does contain a report of those observations that the observer happened to make, the words he happened to hear or the feelings he thought were being expressed by the people he was observing at a particular time and place. The series as a whole contains perhaps 2 per cent of all the observations made by two men during the period of research at this company. Accordingly the material presented here is the result of two selection processes.

In selecting the material as we have, we have tried to accomplish several objectives:

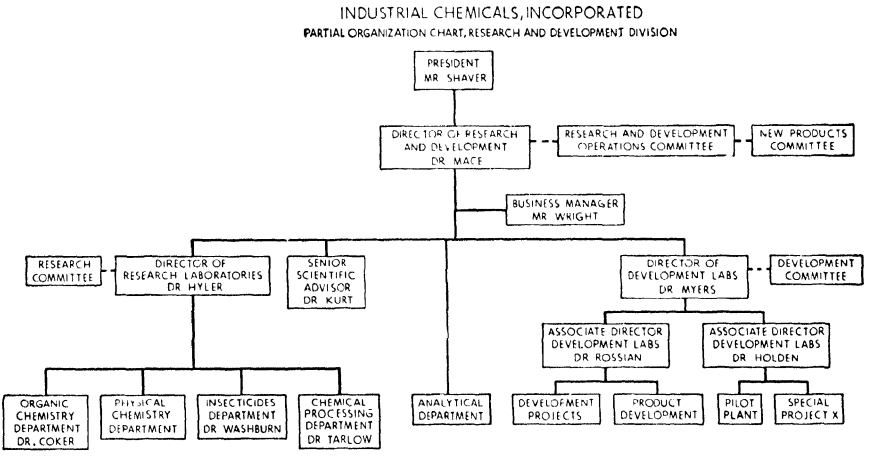
1. To include individual cases which are truly representative of the total situation at ICI and, at the same time, are subject to analysis in reference to the problems of administering research organizations as they were stated to us by directors of research.

2. To report faithfully those parts of our material which we believed to have been least influenced by our own presence on the scene.

3. To tie together a series of incidents, opinions, attitudes, and related observations which would give the reader a good "feel" of the organization concerned.

In a strict, statistical sense the story told by these cases is not "typical." No more so, certainly, than would be a similar story told about any other industrial research organization. We have here a particular group of people wrestling with the problems of administering the research organization of a particular company which is, in turn, trying to maintain its competitive standing in a particular industry—all this at a particular time in the dynamic history of the people, the company, and the industry. In spite of this imposing bill of particulars, we might expect that the problems and the methods of dealing with them reported here are not unusual—are, in fact, readily recognizable to anyone who has ever worked in an organization devoted to industrial research.

EXHIBIT 1



From the Preface to *SAINT JOAN**

by

G. BERNARD SHAW

THE CONFLICT BETWEEN GENIUS AND DISCIPLINE

. . . we may now consider the special feature of Joan's mental constitution which made her so unmanageable. What is to be done on the one hand with rulers who will not give any reason for their orders, and on the other with people who cannot understand the reasons when they are given? The government of the world, political, industrial, and domestic, has to be carried on mostly by the giving and obeying of orders under just these conditions. "Don't argue: do as you are told" has to be said not only to children and soldiers, but practically to everybody. Fortunately most people do not want to argue: they are only too glad to be saved the trouble of thinking for themselves. And the ablest and most independent thinkers are content to understand their own special department. In other departments they will unhesitatingly ask for and accept the instructions of a policeman or the advice of a tailor without demanding or desiring explanations.

Nevertheless, there must be some ground for attaching authority to an order. A child will obey its parents, a soldier his officer, a philosopher a railway porter, and a workman a foreman, all without question, because it is generally accepted that those who give the orders understand what they are about, and are duly authorized and even obliged to give them, and because, in the practical emergencies of daily life, there is no time for lessons and explanations, or for arguments as to their validity. Such obediences are as necessary to the continuous operation of our social system as the revolutions of the earth are to the succession of night and day. But they are not so spontaneous as they seem: they have to be very carefully arranged and maintained. A bishop will defer to and obey a king; but let a curate venture to give him an order, however necessary and sensible, and the bishop will forget his cloth and damn the curate's impudence. The more obedient a man is to accredited authority the more jealous he is of allowing any unauthorized person to order him about.

* New York: Penguin Books, Inc., 1946, pp. 37–38. Quoted by permission of the author.

INDUSTRIAL CHEMICALS, INC. (A-1)*

In the spring of 1952, the director of research and development and the business manager of the research and development division of Industrial Chemicals, Inc.,[1] were faced with the task of finding a suitable man for the job of department head of the organic chemistry department of their research laboratory. The former department head, Dr. Hyler, had been promoted to the job of director of research laboratories. He had continued, in addition to his new duties, to function as department head of organic chemistry, but this arrangement had not worked out well, and Dr. Hyler had pointed out that there was an evident need for a man of supervisory stature who could take a good deal of administrative burden from his shoulders.

Selecting this man proved to be difficult. Dr. Hyler had selected as his senior scientists a number of brilliant young research chemists. Mr. Wright, the business manager, and Dr. Mace, the director of research and development, were agreed that, unfortunately he had not only selected men of decided academic leanings but had not been successful in his efforts to develop one of these men as a potential replacement for himself. Since the two men believed that any supervisor in the research organization of Industrial Chemicals must be an extrovert, able to sell research programs to the top management group, they were unable to agree on a likely candidate for promotion from within the organic chemistry department.

Industrial Chemicals, Inc., spent about $2 million annually on research and development. There were two development laboratories in the research and development division and five smaller laboratories devoted to research. The research effort was supported by about a quarter of the total "R & D" budget.

Mr. Shaver, the president of the company was familiar with and close to the development activities of the laboratories. Through the years, he had contributed many worthwhile ideas that led to the development of successful products.

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[1] All names have been disguised.

There were a number of committees set up in the research and development division that played an important part in the making of decisions and in transmitting information throughout the division. Mr. Shaver was a member of the new products committee, which had been organized mainly for the purpose of keeping him up to date on development activities and decisions, and of the research and development operating committee. Members of these committees had repeatedly expressed their feelings about Mr. Shaver's participation in the meetings in terms like these:

"Mr. Shaver meets people outside the company all the time and gets bright ideas which he brings up in committee meetings. Often the people he gets the ideas from are sales oriented rather than scientifically oriented. Usually, we have thought of the idea and discarded it. But you have to take him seriously because he is really interested in development work and is usually very helpful to us. It would be a real loss if he stopped being interested in our work just because we arbitrarily discarded his ideas without giving them serious consideration."

"Mr. Shaver is a very colorful, energetic person who every once in a while gets concerned. Usually he gets concerned because a product is giving us trouble from a marketing standpoint and when that happens he gets excited and puts on the pressure."

"Mr. Shaver's questions at meetings are such that he is usually putting pressure on somebody. This is okay as far as development goes—his questions keep people on their toes. But when he questions the research people it causes trouble, because, even though he tries hard to see things from their point of view, he just doesn't understand research and his questions naturally get people upset at times."

When the research committee had been formed in 1950, Mr. Shaver had attended several meetings. Although it seemed clear to the scientists on the committee that Mr. Shaver's technical knowledge was limited, he often tried to influence decisions which the scientists believed should be decided on the basis of certain technical facts which he did not understand. In one way or another they soon let Mr. Shaver know how they felt about this and, believing that he had nothing to contribute to these meetings, Mr. Shaver ceased attending them.

The president's attitude toward the research effort, Mr. Wright

believed, was partially influenced by the fact that, in the late 1930's, the man who was then the company's lone organic chemist had synthesized a new compound which eventually accounted for more than a third of the company's total sales. It was largely the profits earned by this product which had financed the greatly expanded research effort of Industrial Chemicals. But one result of this, according to Mr. Wright, was that Mr. Shaver now felt that the research organization was not keeping pace with the competition in the race to discover new high-volume products. His recurring question, when advised that the director of research laboratories was recommending a new field for research would be, "Will research in this area lead to giving us a saleable group of products?" When Dr. Hyler had to say that he could not promise this, Mr. Shaver would reply, "Then why do you want to spend money in that area?"

Although Mr. Shaver, in the spring of 1952, was no longer attending research committee meetings, he had, in the last analysis, the final word of approval on the research budget. Therefore, in an effort to keep informed regarding the status of research programs, he formed the habit of calling into his office Dr. Mace, or any other man in a supervisory position in the research organization, whenever he wanted information on a research program. It was for this reason that Dr. Mace and Mr. Wright were anxious to have as department head of organic chemistry a man who could perform well if called in by Mr. Shaver to explain the work being done in his department.

Having decided that none of the men then in the organic chemistry department could perform effectively as department head, Dr. Mace and Mr. Wright came to the conclusion that a man would have to be brought in from outside the company. This conclusion was influenced by two factors: first, they knew that Dr. Hyler had recently experimented with rotating three of the more likely seniors into the department head job on a six months' trial basis. Dr. Hyler felt that none of them had shown sufficient ability to relieve him of administrative tasks, and without exception they seemed unable to speak effectively about their work when called in by research executives. Second, experience had indicated that Mr. Shaver was far more inclined to listen respectfully to outside consultants or university professors than to the men in the research organization of Industrial Chemicals.

Between June of 1952 and March of the following year, therefore,

the two executives considered the qualifications of a number of possible candidates for the job. They actually offered the position to two eminent chemists, both university professors whose names had been suggested to them by Dr. Hyler, but both men turned the opportunity down, saying they would rather stay in academic life.

When the second man made known his negative decision, it seemed to Mace and Wright that the only alternative lay in a reconsideration of their decision not to promote one of the seniors in the department.

Together with Dr. Hyler, they reviewed again the qualities of the men in the section and decided that Wayne Coker, a Ph.D. who had been with the organization for ten years, seemed to have the highest potential. Coker seemed to be respected by the other seniors, had an excellent mind, and Dr. Hyler believed he could work into the job very well. In fact, Dr. Hyler found it difficult to understand why his superiors were so anxious to have an "extrovert" in the job. As he saw it, a department head should first of all be a good scientist, whose scientific opinions and ideas were respected by his colleagues. Secondly, he should have the ability to handle administrative details and good judgment in editing reports, papers, and memoranda written by the men under him. Finally, he should know the company well so as to be able to provide the services for his men they needed to do their work. In his estimation, Wayne Coker had or could develop all of these qualities and he saw no reason for asking him to be a salesman as well.

Confident that Coker would measure up to his new responsibilities, Dr. Hyler suggested that he originally be made assistant department head and only be promoted to department head if, at the end of six months' trial, he had demonstrated the required qualities. The other two men agreed to this plan and Wayne Coker was promoted to assistant department head of the organic chemistry department on June 1, 1953.

INDUSTRIAL CHEMICALS, INC. (A-2)*

On January 15, 1954, after telling Dr. Mace[1] that he intended to do so, Dr. Hyler wrote a memo to Dr. Mace, suggesting that Dr. Coker be promoted to department head. In the memo, he stated that Coker had done an excellent job of taking a large part of the administrative burden from his shoulders and that it seemed clear to him that Coker would continue to perform well as department head. Several days after he received this memo, Dr. Mace asked Dr. Hyler to come to his office to discuss the matter. Dick Payton, a researcher from the Harvard Business School, was present during the ensuing conversation and took down notes from which he reconstructed a largely verbatim transcript as follows:

DR. MACE: Jack, I asked you to come down because I wanted to talk over with you your memorandum suggesting that Wayne Coker be promoted to department head of the organic chemistry department. I've talked to a number of people about this, and I want you to know that all of these men agree he is doing a good job. He has certainly taken hold very well, and there is no question of the fact that his potential is very good, indeed. However, there is one thing that is worrying all of us about Wayne and that is his tendency to stay in a shell and not to express himself. He just doesn't speak up in meetings or in personal contact with people in the administrative group, and we believe that we ought to speak to him about this before going ahead and making the promotion to department head. Probably the best way to handle this is for you to speak to him first. We are all pretty worried about this tendency on his part. I noticed it particularly in him at the "cracker barrel" meeting[2] the other night. He didn't talk at all at that meeting.

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[1] All names have been disguised.

[2] The scientists of Industrial Chemicals, Inc., met occasionaly in the evenings for dinner and informal, off-the-record discussion of matters of mutual interest—usually new ideas for the Research and Development Division. They had come to refer to these gatherings as the "cracker barrel."

DR. HYLER: Wayne is quiet by nature. He doesn't like to talk just to talk. He likes to consider what he is going to say, and when he says something, he really has a point to put across.

DR. MACE: I recognize that. But he just doesn't make a very good impression. The other day when I had him down at the office to talk about how things had been going in the past six months, I had to carry the conversation almost entirely by myself. I would ask Wayne a question and he would answer "yes" or "no," or with very short statements. This kind of behavior makes people uncomfortable.

DR. HYLER: Well, we've talked about this before, but I thought that Wayne had improved a lot. You remember we talked about this when we made him assistant department head, and remember, too, that it was my suggestion that we make him an assistant department head instead of department head so that we would have a chance to see how he would develop. It has been my impression that he has developed very well. What does this all mean anyway?

DR. MACE: You see, when we make this promotion to department head the step is irrevocable. I think what we are all saying is that we want to see if he can come out of his shell before we take that step. When he gets to that position, a lot of demands are going to be made on him to explain the work of his department at meetings and elsewhere. People will think he is a dumb bunny if he never says anything.

DR. HYLER: Well, I guess I can go ahead and talk to him. Let's decide how I can approach this in the best way.

DR. MACE: Well, as I said, I think the initial conversation should be with you, but I will be glad to talk to him after you have talked to him. I think that what you want to do is to emphasize the importance of speaking up and get him to understand that he's got to talk in these meetings and say what he thinks.

DR. HYLER: I've talked to Wayne some about this. We knew of his inherent characteristics when we made him assistant department head.

DR. MACE: At the time we made him assistant department head we felt he was the one in the department with the most potential. That is why we made him the assistant department head. But before we take this further step we feel that we should talk to him about this one difficulty.

DR. HYLER: I think giving Wayne more responsibility has worked

out very well. The atmosphere in this department is much better and he has really taken hold and done a wonderful job. In discussing this with Wayne, will it be all right if I tell him that it is not from within the department that this comment has been coming but that outside the research group there are people who want him to talk more?

DR. MACE: Sure, that's it. You can certainly say that.

DR. HYLER: Well, are we going to leave Wayne with the impression that his promotion to department head is dependent on his coming out of his shell?

DR. MACE: Well, it is not completely dependent, but it is certainly very desirable. Of course, he doesn't know about your memo so actually the promotion to department head doesn't have to come into it.

DR. HYLER: No, he doesn't know about the memo, but he does know that I have been meaning to make the suggestion that he be promoted. I've asked him before if this is the way he wants to go, and he has said yes, and I told him that I was very pleased with his work so that he knows that I want to elevate him. I don't want to give him the impression that there is a reluctance about that.

DR. MACE: No, don't do that. Just say one other thing has come to your attention and that is this thing about speaking up at meetings, talking more to people about the work of his group. As you know, this is very important around here with all the meetings we have. The further up you go, the more important it is. I tell you I was mighty uncomfortable when I had him down here, and other people in the administrative group feel the same way.

DR. HYLER: Don't you think if we gave him the responsibility—.

DR. MACE: If we did and he didn't come out of his shell and start to convince people that he knew his stuff, we'd be in the soup.

DR. HYLER: I agree with you, but I can't afford to tell Wayne that he can't go any further.

DR. MACE: He is still in the position where you can work on changing this one characteristic. If we made him a department head, and he still didn't talk, it would put us all on the defensive.

DR. HYLER: I don't have any hesitancy about his ability to do a good job.

DR. MACE: Well, now Jack, Peter White [one of the seniors who had been rotated into the organic department head job for six months' trial] was an example of what I have been talking about.

That was a very unfortunate situation. You remember when Ralph Myers [director of development laboratories] asked him one time to come down to his office and talk about the polymer program, and all that happened was that Ralph would ask him questions and Peter would say "yes" or "no" and make some short statements, and it all ended up with Ralph wondering if Peter knew what he was talking about.

DR. HYLER: I must defend Peter. That was a difficult time to convince Ralph Myers of anything, particularly about the polymer program.

DR. MACE: Once Coker is department head, he could be called down any time by Ralph Myers, or even Mr. Shaver, and once a negative impression is set up, it is pretty hard to reverse it. I could deal with it better because I am used to dealing with different types of scientific personnel, and I know that this is the way that many of them are. But other people in this organization are just not used to that sort of thing. They expect people to talk up and say what they feel.

DR. HYLER: The thing that really bothers me is the fact that we went through this for a long time and talked about it a lot when we were making the decision to make him assistant head, and our final decision was that he was a good bet.

DR. MACE: Sure, he had the best potential, and we wanted to give him a challenge and see if he could meet it, and he has met it in every way except developing his personality in this one way.

DR. HYLER: You are saying, then, that he has met this challenge except in one way and if he can't meet this further challenge, there will be some doubt of his promotion.

DR. MACE: Yes, that is exactly what I mean.

DR. HYLER: I think we will just have to put it up to him that way, then, and I'll be glad to do it.

DR. MACE: I think you should emphasize the importance of speaking up. Tell him he's got to talk in these meetings and say what he thinks. You'd better say that we have confidence in him, but I think you should also make him understand that further promotion will be influenced by improvement on this point.

DR. HYLER: I want everyone to understand I think he is going to be able to do this.

DR. MACE: We wouldn't talk to him if we didn't think he could do it.

DR. HYLER: I'll talk to him, then, and I'll alert him that you're going to talk to him too. One thing that bothers me, don't you think we emphasize this talking and promoting a little bit too much around here.

DR. MACE: Well, that is just the way things are. Now, Wayne has to overcome this southern attitude. He is a typical southerner, slow talking and a guy that needs a jolt every once in a while to get him out of his shell. He has done well as an officer of the local section of the American Institute of Chemists. It certainly seems that he has the ability, but we have to open up the flood gates.

DR. HYLER: In other places where he has been he has gained a good deal of respect because he does operate with reserve.

DR. MACE: He has to be convincing if Mr. Shaver calls him in on something. It is not a matter of making an off-the-cuff decision, he just has to express himself better. If you take a look at the other department heads, you will see what I am driving at. Knowing a subject well isn't enough; you have to be able to express yourself.

DR. HYLER: You can do just so much in trying to change Wayne.

DR. MACE: He has been six months on the job now. He certainly should feel a certain amount of security. Now is the time for him to come out of his shell.

DR. HYLER: You have no objection if I tell him we've been considering him seriously for department head, but there's this one thing.

DR. MACE: Sure. [Laughs] It really did show up, Jack, at that "cracker barrel" meeting. You know what kind of a meeting that is, and he was the only one who didn't talk, and this was the perfect place for him to talk if he was ever going to. I recognize that this is a problem with scientific people generally.

DR. HYLER: This point of view that we have been talking about is a very prevalent one in our company.

DR. MACE: Sure, it is because that is mostly the way we operate. Other companies operate differently than we do, but we have all of these committees; therefore, it is more important here because of the wide participation which is necessary on the part of every individual.

DR. HYLER: I used to go to some length to encourage this, so much so that I am afraid that it became a detriment instead of an asset. I think that I found that trying to change the characteristics of individuals has been working against me. In talking to my men, I found that this idea of having to do a lot of talking and selling of their programs, is one of the things they didn't like.

DR. MACE: This is the difference between working at the bench and being in a supervisor's position, particularly in this company. In this company, even the men at the bench on program teams are thrown into meetings where they have to talk about their work. If they don't want to do that, and can't talk about it, they'll have to stay at the bench. But when Wayne gets to the point where he is being considered for a department head job, it becomes very important.

DR. HYLER: I remember Dr. Ross [former director of laboratories]. He was a capable man who did not find it necessary to do a great deal of talking. After other people had spent a great deal of time talking and getting nowhere, he could get to the crux of a problem in a few words.

DR. MACE: We are not talking about making snap judgments, just the ability to express yourself on your feet.

DR. HYLER: One of the things connected with that is, that a scientist can't say some of these things. He feels they're just not true.

DR. MACE: I don't mean that. You don't have to lie about something. For instance, if I were at a meeting with Mr. Shaver and he asked me if we could do such and such on one of the programs—well, it seems to me that all I could say in these circumstances is that we at the present are doing the best thing that we see to do and we have every hope that it is going to accomplish the desired result. [Mace expanded on this somewhat.] If I sit there and say either "yes" or "no," or nothing, he figures I don't know anything myself. It is sort of like coming in for an interview for the first time. If a man doesn't talk, I am much lest apt to think he is a good candidate.

DR. HYLER: Gee, that scares me. [Laughs.] If Einstein came here for an interview, we probably wouldn't hire him.

DR. MACE: No, we probably wouldn't, but it's different in industry than in academic work. There is a tendency for nonscientific personnel to judge a person on what he says and how he expresses himself.

That is because they simply can't use the criteria that we scientists use. We just ask if something is sensible. I tell you that once Wayne overcomes this reserve and starts talking out, he is going to be happier around here himself.

DR. HYLER: I just want you to recognize that he is a sound, conscientious, cautious individual who may not want to change all this much for what he will see as a temporary gain.

DR. MACE: We're not asking him to change the soundness of this thinking. He just has to let people know that he knows what he is talking about. [Dr. Mace talked again about the Myers-White incident.]

DR. HYLER: People who make judgments like that can do a lot of harm. Ralph Myers' actions in that particular matter had a very bad effect on Peter White. Peter really carried the ball on that program and nobody around here knows it.

DR. MACE: Sure, but he didn't give anyone the impression that he carried the ball. It is difficult to defend these men; they don't defend themselves. People will go around saying, all right, Guy Mace says that such and such is so, but I wonder if it really is so, just because he says it. We have to develop men around here to the point that we don't have to defend them all the time. I don't want to have to defend my men.

DR. HYLER: I don't think we can avoid that.

DR. MACE: Look at the other department heads. We don't have to defend them. They talk up for themselves.

DR. HYLER: Basically what you said then is that Wayne needs to speak up more. I can say that criticism on this point comes from outside the department, and that while we think he is doing a good job now, we'd like to see him talk more in meetings. I want to assure him that we have confidence in his ability to improve, and I'll tell him that you will talk to him about these things, too.

DR. MACE: Yes, that will be fine, and I hope you'll let me know when you have talked with him, and I'll talk to him some more about it.

INDUSTRIAL CHEMICALS, INC. (A-3)*

Several days after his conversation with Dr. Mace[1] about Dr. Wayne Coker [see Industrial Chemicals, Inc. (A-2)], Dr. Hyler expressed his feelings about the situation to Dick Payton, the case writer from the Harvard Business School. He said that he believed that quiet men generally made the best research chemists and that it was a mistake to want to hire nothing but extroverts. He believed they should have some appreciation for the differences between people —that if they hired nothing but the kind of men Dr. Mace seemed to want, they would be risking a stereotyped, nonproductive group.

He also felt unhappy about having to ask Wayne Coker to change his way of behaving. His experience had taught him that men did not like to have such changes forced on them and he was particularly unhappy about asking Coker to make such a change because he believed most people respected him as he was.

In spite of his feelings to the contrary, it was clear to Dr. Hyler that Dr. Mace expected him to talk to Coker along the lines he had stated. Dr. Hyler planned to do this during the course of his regular weekly meeting with Coker, and he told Dick Payton he would be glad to have him sit in on this meeting.

When Coker came to Dr. Hyler's office several days later for the weekly meeting, therefore, Payton was present and recorded the pertinent portion of the conversation between the two men as follows:

DR. HYLER: I have one other item. You recall our conversation about your becoming assistant department head, and during that conversation how we reviewed the probable sequence of events. Since then, I have talked to you several times about your work, and I think, have made it quite clear to you that I was very satisfied with the way things have been working out and that I intended to recommend your promotion to department head. I want to tell you that I have

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[1]All names have been disguised.

made this recommendation. In discussing my recommendation, Dr. Mace and Mr. Wright have made one comment that I want to discuss with you, and I know that they will probably want to talk about it with you too. Now, you must understand that there is no question of your competence. We are all agreed that you have been doing an excellent job. There is one factor, however, that we want you to think about. That is, in your participation in committee meetings and team meetings, we would like to see you expand a little bit. We have talked about this before. (Laughs.) Let's put ourselves in their shoes. A committee meeting around here is organized to help the chairman. Sometimes merely bringing up speculative ideas triggers someone else. Dr. Mace and Ralph Myers, and people like that like to see people participate. When you don't they have to say, well, old Wayne didn't say much—wonder what's the matter. Maybe he doesn't feel good today. The next day when you don't say much, though, they might think something different. It is part of the responsibility of a supervisor and something you will develop. We have talked about this, as I have said, and I am sure we are agreed that many times you can say just a little and be very helpful. There are other instances, however, where general talk will, as I say, help trigger other people's minds, and you should think about that since that will be a prerequisite for additional responsibility.

COKER: That's very true. (Laughs.)

DR. HYLER: You and I, of course, have a pretty easy relationship. We see each other every day and we can talk things over more than one time. At committee meetings, though, they are trying to stimulate thought, and each person present has to contribute.

COKER: I agree. I just don't like the idea of talking to hear myself talk. There is too much of that already. The change from where I didn't have an opportunity to where suddenly I have it has been pretty marked. I really don't feel that I have much to offer yet, but, certainly, your point is well taken.

DR. HYLER: Dr. Mace knows you are getting your feet on the ground, but now is the time to work on this. It is definitely a prerequisite to further advancement. You and I don't feel this need so much in our relationship as we bat things back and forth. We can talk our problems over repeatedly. I suspect that this is pretty much the same thing as selling.

COKER: I appreciate the need for that. Another aspect of it is the brash young man who dashes in where angels fear to tread and spouts a lot of junk.

DR. HYLER: Well, we have talked about that before. You know the necessity of doing this sort of thing, and it is the time now to be doubly conscious of it. The fact that this point has been brought out doesn't change the fact that our operation continues to go along exceedingly well. This is just another hurdle for you to fly over.

COKER: Let's hope it isn't the number of words you say that counts.

DR. HYLER: I am sure that it isn't. It's just a desire on the part of everyone for you to get in there and participate on an equal basis with the rest of the people. There's no question in my mind that you can do this. Think it over because I think Dr. Mace will want to talk to you about it. It's almost like getting into a Sunday school play. You're kind of bashful till you get in but once you get on stage, you are all right. Well, Wayne, that is all I had for today.

INDUSTRIAL CHEMICALS, INC. (A-4)*

A few days after Dr. Hyler's conversation with Dr. Wayne Coker,[1] [see Industrial Chemicals, Inc. (A-3)], Payton had a chance to talk with Coker himself about the situation. Coker was very anxious to talk with someone about the situation in which he found himself, and as a result the two men discussed his problem for almost two hours. Payton believed that Coker was both disturbed and frustrated as a result of his conversation with Dr. Hyler. Coker talked about the history of research at Industrial Chemicals and expressed his opinion that the morale of the research organization had deteriorated in the years he had been with the company. He believed that this had happened as the result of increasing pressures from top management which had resulted in over-organization of the research program and a consequent stifling of freedom to work on interesting leads.

In regard to his own situation, Coker made the following statements during the course of the conversation:

"I can't change my whole way of operating overnight the way they are asking me to. Furthermore, any change I can make cannot be in the direction of destroying my integrity as a scientist. I really don't approve of a lot of talk unless a real contribution can be made. I sometimes think there is too much talking going on around here anyway.

"This is a company that is oriented towards product development and I can't make much of a contribution in that area. In these meetings I go to I have to wait until the talk gets around to organic chemistry before what I have to say is worth while.

"I have some pretty strong feelings about what is wrong with the research effort around here, but I don't believe I should talk about these things in meetings when Dr. Hyler is there too. If something should be said, it is his place to say it.

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[1]All names have been disguised.

"When I'm talking about scientific facts, I feel like I can say exactly what I mean and know I'm right. But I'm somewhat fearful of talking in other areas where a smooth talker can out-talk me and make me look foolish.

"I realize there is a difference between saying things that are not scientifically accurate and putting what you say in terms that non-technical people in management can understand. There is certainly a real need to sell research in this organization, and I am for it 100 per cent. It's just a question of methodology—how you go about doing that.

"I recognize that I am a man poised on the brink of a cold lake trying to make up his mind to jump in. I guess it is me that is at fault here, not the organization. People are available around here and you don't get your head chopped off for making mistakes. I've just got to decide how far I want to go and how fast. I wish I could get some help, but I'm not sure where I can turn to get it."

From *CRUSADE IN EUROPE**

by

DWIGHT D. EISENHOWER

At the war's beginning the average Army officer, both regular and civilian, placed too much faith in a surface discipline based solely upon perfection in the mechanics of training. Commanders are habitually diffident where they are called upon to deal with subjects that touch the human soul—aspirations, ideals, inner beliefs, affection, hatreds. No matter how earnestly commanders may attempt to influence a soldier's habits, his training, his conduct, or extoll the virtues of gallantry and fortitude, they shyly stop short of going into matters which they fear may be interpreted as "preaching."

A profound understanding of philosophy is not necessarily a part of the equipment of a successful military leader. Yet as certainly as a national army neglects the need for a simple, commonly held understanding of the nation's welfare and the individual's relationship to the whole, so certainly will victory be attained only at added cost and by so much will victory itself be jeopardized.

No proof of the subject's importance is needed by those who visited both the hospitals and reclassification centers in the rear of an army and the combat lines at the front. In the combat regions a visitor was invariably inspired by the capacity of the Allied soldier to perform his duty quietly and efficiently, enduring hardship and privation, and hourly facing danger with a determination and confidence, often even a cockiness, that seemed never to desert him. Whether he was American, British, Canadian, French, or Pole in his national allegiance, he inspired all who knew him.

In the rear, hospital and camp facilities were necessarily set aside for those suffering from self-inflicted wounds, from hysteria and psychoneuroses and from venereal disease, sometimes, according to the doctors, deliberately contracted. Their number, percentage-wise, was small, but in the aggregate, large. It is profitable for a commander to visit these places, to talk with individuals, to understand something of the bewil-

* New York: Doubleday & Co., Inc., 1948, pp. 454–55. Copyright 1948 by Doubleday & Co., Inc. Quoted by permission of the publisher.

derment, the fear, the defeatism that afflict men who are essentially afraid of life, though believing they are afraid of death. An astonishing number of these individuals react instantly and favorably to a single word of encouragement. More than one has said to me, immediately upon discovering another's interest in him, "General, get me out of here; I want to go back to my outfit." Harshness normally intensifies the disease, but understanding can do much to cure it and in my opinion, if applied in time, can largely prevent it.

In war, time is vital. There is much to be done. Visible evidences of efficiency, noted in perfection of techniques and deportment, are so easy to observe that officers of all grades cannot or do not give sufficient attention to the *individual.* Yet attention to the individual is the key to success, particularly because American manpower is not only our most precious commodity—it will, in any global war, always be in short supply.

Our service schools have a definite duty to instruct officers in this field. Regardless of any progress made in the country's educational institutions, the Army's business is success in war—and the Army cannot safely neglect any subject that experience has shown to be important to that success.

INDUSTRIAL CHEMICALS, INC. (B)*

By the time he had been employed for eight months as head of the Insecticides Department, Dr. Corey Washburn[1], in the spring of 1954, was giving serious thought to his own future and to the potential of Industrial Chemicals in his special field of research. It appeared to him that the attitude toward research that seemed to exist in the research and development division of the company made it unlikely that his department would ever be able to do the type of work which he believed might lead to important discoveries. He worried also about his technical development and his reputation as a scientist, which he believed were factors that were not taken seriously enough by management. Finally, he felt that management did not fully understand the potential of his field nor did they appear to consider seriously his recommendations concerning the program he believed vital as a minimum research effort in this field if any results were to be forthcoming.

Industrial Chemicals had, for many years, been successful in marketing a number of chemical specialties which were largely the product of development work. The research effort, as opposed to development, was relatively new to the company, and the insecticides department was the newest field to be represented in the research laboratories. The department had been initiated three years before Dr. Washburn was hired as its head. Most of the early work had been based on developmental projects rather than on fundamental research. The original department head, Dr. Holden, had been promoted to a higher position in management early in 1953, after having built the department up to a considerable size. Several months before Holden's promotion was announced, research management decided that it might be wise to initiate a modest program of basic research in the insecticides field and started looking for a competent scientist to lead the department. During the course of the next ten months they interviewed a dozen men and finally decided to hire Corey Washburn.

Washburn had just been promoted to associate professor at a well-

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[1]All names have been disguised.

known university and had behind him a distinguished academic career for a man of 35. Since he had returned from wartime service in the Signal Corps, from which he had been discharged with the rank of major, he had earned his graduate degrees and had published more than 30 technical papers, an output which the director of research laboratories, Dr. Hyler, considered unusual.

Washburn had become impatient with his situation at the university, however, largely because he believed his immediate superior to be incompetent. Faced with a number of years of further service under this man before he was due to retire, Washburn decided, although with some misgivings, to accept the position offered him in Industrial Chemicals.

Some eight months later, Dick Payton, a researcher from the Harvard Business School who was studying the administrative problems of Industrial Chemicals' research and development division, interviewed Washburn in his office. Payton had previously interviewed Washburn several months before. He had been interested in the way the scientist had expressed himself in the first interview, and wondered if his ideas had changed in the intervening period. The following is a transcript of the second interview from Payton's notes:

PAYTON: I don't really have any questions. What I want to do is to get you to talk some more as you did the last time I spent some time with you. I am particularly interested in what you have to say because you have been here only six or eight months, and it seems to me that you have had some problems working into the organization. I wonder if you would like to talk about that a little bit.

WASHBURN: When I came into the organization there was really no effort to indoctrinate me. I felt as if I had been thrown right into the middle of the pond and told, in effect, to start swimming. Any time I did contact anyone, of course, I got the answers I needed. No one, however, said to themselves that here is a new man whom we have to help get acquainted. Then, apparently, Dr. Hyler decided that I should get to know people outside of the laboratory a little bit, and one of his assistants came around and started to introduce me to people, which I guess was a good thing as I look back on it, but at the time I thought there was something wrong with me that they were trying to correct. No one seems to realize when a new man comes in, he needs help. The initiative was left pretty much to me.

PAYTON: Do you find that this is still true?

WASHBURN: You know, Dr. Mace [director of research and development] got the notion that everyone should go to all committee meetings as a sort of an introductory process. So I have been auditing a number of committees, and I am about half way through that program, and I found it very valuable and important. As you know, everybody around here says his piece at committee meetings. As a result, you can get pretty familiar with what is going on around the organization by listening in on this process. I could say that they should have done this first, but on the other hand, there are still areas in my mind that aren't completely clear so that quite often I don't get the full benefit of what I am hearing. On the other hand, I can get all the poop that I really want. There is really no excuse to feel isolated any more.

PAYTON: So you feel that you are beginning to work into the organization and get pretty familiar with the way things work?

WASHBURN: Yes, but in the process I have committed a few boo-boos. For example, when I first came, they told me that I was going to get another Ph.D. in here. In fact, at the suggestion of Dr. Hyler, I was looking for the man I wanted to hire before I even reported for duty. When I actually got here, I definitely wanted to hire a man or at least keep looking for one, but they said, "Let's wait a few months," and in general, gave me to believe that they were taking away something they promised me. In my state of paranoia, I directed a memo to Mr. Wright [business manager of the R & D division], whom I hardly knew. As a result of this boo-boo I got to know Wright all right, but shortly thereafter, Dr. Hyler called me in and I perceived that there had been a sudden rash of meetings to talk about this memorandum of mine. In the end, they let me go ahead and get the Ph.D., so you might say that I cashed in on my naïveté. I definitely got the feeling from them, however, that I was being told there were channels around here that I should learn to follow. You see, I knew that I had done this wrong but I didn't know how else to do it.

PAYTON: During our last conversation, you appeared to be concerned about the amount of research being done in your group. How does this matter appear to stand now?

WASHBURN: Personally, I feel caught in a squeeze as far as this section is concerned. This is mostly due to the financial situation and

to a lack of research success in insecticides. After reviewing the situation in insecticides here, I have spoken to several people in no uncertain terms and written some memos. Generally, I am trying to get more people into this work and to expand the effort in the insecticidal field. But I find that there is not much that can be done. They can't help it, and it is awfully frustrating. The blank check that I thought I was going to get just hasn't been realized. Of course, this is partly their ignorance. Anyone in the field should know that one Ph.D. doesn't mean that insecticidal chemistry will surge forth in this company. There is not much I can do. On the one hand, I am faced with ignorance as to the real needs and, on the other hand, with the restrictions of funds. I have decided not to make an issue until more funds appear to become available. Research-wise, Industrial Chemicals has traditionally done nothing in insecticidal chemistry. You know, it really takes a lot of guts to sink large sums of money into something. Other companies who have been really successful in this field, have done so, however. It's a simple fact that it takes money and facilities to win this game. Another thing that bothers me a lot is the fact that if I, as an individual, am not allowed to do real scientific work, I can't help losing respect for myself as a scientist. You see, you want to be doing something that you can talk about outside the company. That you can write papers about, and so forth. Some guys are willing to go along with the kind of work they are doing here, but I just can't. I've got to know that in due time I can get up on my hind legs and talk about what I have been doing and have something that is worth talking about. Now Dr. Hyler [director of research laboratories] knows this. He knows that no good man is going to be happy very long under these circumstances. He'll just get stale. Another thing—management here feels that you get adequate stimulation from consultants and seminars. That just isn't so. The real guts of your stimulation comes from colleagues around you, and in this restricted environment, this is almost impossible. Larger organizations know this, and they support research work that, although it will not bring them any short-term gain, will keep the scientist at the top of his field simply because he is able to do this kind of work.

PAYTON: You are worried that, if you cannot work on research that is more basic or fundamental than that you have been doing, you will lose your skill and capacity as a scientist?

WASHBURN: For instance, you take when I go to a meeting. I just feel ashamed if I can't talk about some real work. People will stop thinking of me as a scientist. They'll think of me as just somebody's marionette. If you don't keep up in your field, by doing some basic work, meetings just don't help. You get out of the main stream and you are lost. It's hard to find even among scientists guys who feel this way. Too many Ph.D.'s, the young ones, these days are willing to slip down into applied research, or worse. They sit here and collect their pay and gradually the fine edge comes off their minds. Young men coming into this sort of an environment will never learn anything new. Of course, the size of the company dictates this to a certain extent. If we had some strong representation at the top management level who could express this for us, we would be moving more in that direction.

PAYTON: One of the things wrong here is that, because no top technical man expresses these views, your attitude does not penetrate the top management level.

WASHBURN: That's right. Dr. Mace certainly is concerned about the scientists under his supervision, for at a recent meeting he brought up for serious consideration the factors involved in maintaining high morale among research scientists in industry. He expresses a genuine interest in the problem, but I don't think he really quite understands it. After intensive training to solve scientific problems, you come to industry and find you are a minor cog in the wheel. Management, in effect, says, "If you're so smart, why don't you get the answers." You have got to have a top man who will say, "That isn't the way research works. This is the way it has to be done," and make it stick. Another thing—they ask too much of us, considering the people they let you hire and the facilities they give us.

PAYTON: You feel pretty strongly about these things.

WASHBURN: I feel strongly about everything. I don't react to anything mildly. Maybe I'm warped. I don't go home and listen to a hi-fi set or go out in the garden or anything like that. I don't have any hobbies. I'm not condemning hobbies. I just work 16 hours a day instead of 8 hours a day like most people around here. Even at the university I was told to take it easy. "Go see a movie once in a while," they said. Well, I figure that life's just too short. I can do that sort of thing when I retire. I feel that as long as you are working on something, you have to do it right. And don't misunderstand me.

I am not brilliant. It's just plain hard work for me. I'm just not smart enough to get the right answer easily. I don't make these speeches just to hear myself talk. I really mean it. I told Dr. Mace when I came in I wanted the opportunity to say what I thought. He said, "Hell, the door is always open, come on in and tell me what you think." Well, I can live with this, even though it is difficult to do. You know, around here they have a personal appraisal every six months. I expected Dr. Mace to call me in after six months and tell me where I stood. Sure, he gave me a bonus at Christmas time, but I'd rather have a talk with him than a bonus. Since no initiative has come from him, it makes it pretty hard for me to go in and talk to him about these things. It isn't often the lieutenant just goes in to talk to the general. They keep worrying about people's feelings. As a result, the over-all morale around here is good, but in critical areas, where people have feelings, you can't get heard. You have to get knocked down, dust yourself off, and get up and try again. I don't want to seem like I am picking on Dr. Mace. We are all dying to help him around here, but he won't let us. That's what we are here for. Life is too short to wait around and sit on your fanny all day long. You were overseas, weren't you? (PAYTON: Yes.) Well, do you know anything about the Third Army under General Patton? (PAYTON: Yes, something about it.) You probably heard their motto. "The difficult we did yesterday, today we are working on the impossible." You can talk yourself out of doing an experiment anytime, but hell, the only way to prove anything is to do it. You have got to get your observations instead of talking about those you might get. Patton had a cocky outfit, and I admit I have been cocky everywhere else I have been and I am going to keep right on being that way here. If I can't, I'd blow my head off. It's doing things that is important, not talking about them all the time.

PAYTON: You feel sort of like a little boy who has been spanked and told that he has been naughty.

WASHBURN: In a sense, yes. I try to tell them; I point out what other people in the field are doing. But then I come right up against what Dr. Hyler says, "Sure, we know that you can do a hell of a good job with a quarter of a million dollars, but we just ain't got a quarter of a million dollars." Well, hell, that's his problem. They hired me to tell them what to do, not how to get the money to do it. Dr. Hyler has listened patiently to me on this on a number of occa-

sions and he told me twice that insecticidal chemistry is an area of fringe interest at Industrial Chemicals. Well, that's not much of a professional objective for me.

PAYTON: You would like to get in there and really start pitching and you're pretty frustrated because you can't do it.

WASHBURN: You're darn right. You know, I have a modest research program. Where do you suppose most of the money for research goes? Well, I end up spending less than a quarter of it for personnel. The rest goes for overhead and God knows what else. The whole trouble is if I argue on management's grounds, they can talk me into a corner. It's only if two people are talking on the same ground that they can get anywhere when they are discussing things. We just don't believe in the same things. We're not trying to get the same job done, and then another trouble is with the little money they do give me they demand impossible things. How can we get an answer out of nowhere? Give me the dough and I'll pit my gang against anybody. I can't pit a fly-weight against a heavy-weight, though. There is just no tradition here in insecticidal chemistry. Now mind you, it's not hopeless, it just takes time. Most people think patience is a virtue. I don't. I think it is just an excuse.

Shortly after this interview with Corey Washburn, Dick Payton had several opportunities to check management's feelings about the department head of insecticides. The first opportunity came when Payton mentioned Washburn to Dr. Hyler, the director of research laboratories and Washburn's immediate superior. Dr. Hyler contributed to the total picture a few facts about Washburn's background and some further information about his experiences at Industrial Chemicals.

He said that Washburn had been brought up on the south side of Chicago and had made his own way through college and graduate school with a brilliant record. When Dr. Hyler had suggested to Dr. Mace that Washburn be hired to fill the need for a department head, Mace had interviewed Washburn and had agreed with Hyler's opinion of him. He had been worried about Washburn on two counts, however. First, he thought that Washburn might want to do more in the basic research area than in applied research or development, and secondly, he was afraid that his natural drive and enthusiasm would

make him pretty hard to control. Dr. Hyler had promised Dr. Mace that he would be able to keep Washburn's enthusiasm within reasonable bounds, and on this condition Mace had told Hyler to go ahead and hire the chemist.

Dr. Hyler told Payton that it was unfortunate that research policy had changed very shortly after Washburn came to work, with the result that a program of basic research on which Washburn had been counting was dropped. This had hit Washburn pretty hard and Dr. Hyler felt that he had not been entirely unjustified in believing that the company had gone back on a promise. Unfortunately, also, Washburn had made several mistakes in this first few months with the laboratories. He had directed memoranda concerning ideas for research in his department outside of channels, which had upset a number of people in the management group. Furthermore, he had expressed some of his ideas in rather vehement terms to several people who resented his attitude and who, Dr. Hyler felt, would not soon forgive him.

On the other side of the picture, however, Dr. Hyler pointed out that Washburn had done a superb job of organizing his department. Whereas Dr. Holden had needed an administrative assistant to handle details for him, Dr. Washburn so arranged the work of the section that this extra man was no longer necessary. Furthermore, it was apparent that he had gained the liking and respect of his subordinates. "In fact," said Dr. Hyler to Payton, "his juniors came to him and asked him to give lectures to them on insecticidal chemistry on their own time. So far as I know, that's the first time that has ever happened in the R & D division."

Dr. Hyler believed that in so far as Washburn was concerned, his own responsibility was clearly that of holding his subordinate's enthusiasm down to a reasonable level while still keeping management aware of the high potential of the insecticides department under Washburn's leadership.

Several days after his conversation with Dr. Hyler, Payton was able to observe an incident which shed further light on Washburn's case. Payton was sitting in the office of Dr. Mace, director of research and development, when Dr. Holden, former head of insecticides and now an associate director of the development laboratories, came in to request that a research program similar to that which had been

dropped shortly after Washburn came to work be authorized for the insecticides department.

Mace pointed out that the budget for the year was already fixed and that there was little chance of an increase next year. He added that he didn't think Washburn realized, with his academic background, how fast money gets spent in industrial research. In a university, he pointed out, Washburn had gotten used to having his work done by graduate students, with little or no expenditures for salaries. He said he thought Washburn was a little confused—that he needed more experience with the kind of work that goes on at Industrial Chemicals and that if he was given time, he would develop a well-balanced research program that could be carried on within his budget limitations.

Dr. Holden questioned Dr. Mace concerning the various aspects of insecticidal research the company might be interested in investigating and then pointed out that the real need was to pep up Washburn—that he was feeling discouraged at his lack of progress and needed a lift. Dr. Mace said he felt that what Washburn needed was to face the facts of life—that actually he had been given a good deal of help. He had requested several expensive pieces of equipment recently and they had been given him. Mace went on to say that he thought Washburn had misunderstood the financial picture—that he had been made to feel that the budget was very rigidly enforced and that this was a mistake on his part. He concluded the conversation by saying "I just want to make this point clear. Everybody wants something new—everybody wants a new man—everybody wants money for new work. What can I do—I simply cannot exceed this year's budget until sales pick up."

When Dr. Holden had left the room, Dr. Mace pointed out to Payton that, as the former head of insecticides, Holden was inclined to have a strong sympathy with Washburn's views and that the real point of his coming in had been to try to get Mace to do something about what Holden thought was Washburn's low morale. "Maybe I should," said Dr. Mace. "This is something I will have to give some thought to."

INDUSTRIAL CHEMICALS, INC. (C)*

Dr. Graham Holden[1] was associate director of development laboratories in the research and development division of Industrial Chemicals. Early in 1954, he received from top management the approval he had been awaiting on Special Project X. Dr. Holden had been active in promoting the idea for this project for more than a year and was now anxious to get started on the organization of a project team.

Special Project X was to be, in effect, a task-force group which would work primarily on evaluating new product ideas. The project team's function would be to look for new ideas, both within the company and outside, and to screen out those which appeared to hold particular promise for commercial development. Having done only enough preliminary investigation to establish this potential, the team would then turn the resultant chemical compound over to the regular development staff for processing through to production.

Holden believed that it was essential to have an organic chemist as a member of the project team. In the past, new product ideas had been processed through the organic chemistry department in competition with work on regular research programs. This had not worked out satisfactorily from Holden's viewpoint. The formal programs usually received priority over new ideas, and the delay in processing Holden's work was often a considerable one. Holden had talked several times with Dr. Hyler, director of research laboratories, about this situation, and the two men finally agreed that, should management approve Special Project X, Holden would request that an organic chemist be assigned to the project team on a full-time basis.

When this approval was received, therefore, Holden told Hyler he was going to request that a chemist be assigned to the project. Dr. Hyler asked if he had any particular man in mind for the job, and Holden said that he hadn't really thought about it—that his only interest was in getting a good man on a full-time basis.

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[1]All names and certain data have been disguised.

Holden's request was in the form of a memo to Dr. Mace, director of research and development. Dr. Mace knew that Special Project X had received top management's approval, and he had a good deal of respect for Graham Holden. In discussing the matter with the case writer, he said, "Graham has a lot of ideas and the personality to sell them. He is one of the most energetic men I know."

When he received Holden's memo, Dr. Mace called Holden on the phone in order to clarify in his own mind the background of the request. He asked Holden if he had discussed the matter with Dr. Hyler and was told that Hyler knew of the request and was in agreement so long as he got a replacement for whatever man he was to lose.

As Dr. Mace reviewed in his mind the various seniors in the area of organic chemistry, it seemed to him that Howard Tarlow, head of the chemical processing department, possessed the background and experience that would be needed in the work with Holden. During most of his eight years with the company Tarlow had been in chemical processing. Although such work was usually regarded by chemists, both in the company and elsewhere, as being "development" rather than "research," it demanded a high order of knowledge, skill, and imagination. Starting with a formula as worked out by the research chemists, the process chemists had to devise means of making the compound in commercial quantities economically while preserving the specified form, strength, and purity. Tarlow had shown both interest and competence in this work. The processing department. although located on one of the lower floors of the building, was under Dr. Hyler, director of the research laboratories.

Following his conversation with Holden, Dr. Mace asked Dr. Hyler to come to his office to talk about the proposed change. Dr. Mace did not look forward to this interview with any particular pleasure because in the past he had found that Dr. Hyler was inclined to disagree with him on a good many of his decisions. Dr. Hyler had been the leading organic chemist in the company for 20 years, in the course of which he had won the respect of many scientists for the excellence of his work. Through the years, particularly before the tremendous expansion of the past decade, he had participated to a large extent in the planning and co-ordination of the company's research program. Dr. Hyler, in conversations with Dick Payton, had indicated that he felt it to be his responsibility to speak frankly when

he doubted the wisdom of a proposed course of action within the laboratory. He also felt that in too many instances decisions affecting his section had been made by his superiors without his being consulted in advance.

Dr. Hyler told Payton that in the past he had been criticized by the senior chemists in the research laboratories because his interest in the work of the laboratory made it difficult for him to delegate responsibility to his scientific group. From talking to some of the seniors in the organic chemistry department, however, Payton gained the impression that Dr. Hyler seemed more recently to have earned the respect of his men by his willingness to listen to their complaints and his attempts to change his own behavior in order to meet certain criticisms.

When Dr. Hyler came in, Dr. Mace told him he wanted to assign Dr. Tarlow to Special Project X. As Mace had expected, Hyler brought up several objections. First, he did not believe that Tarlow, being quiet and reserved, had the type of personality to be successful in working with Holden. Dr. Mace replied that, as he saw it, the two men would complement each other perfectly. He believed that the new job would tend to bring Tarlow out of his shell and, on the other hand, his methodical approach to research problems would balance Holden's ambition and drive. Dr. Hyler said he did not believe Tarlow would change very much; that he was surprised to hear of Tarlow's interest in this sort of job and would like to talk to him about it. He asked Dr. Mace what would happen if Dr. Tarlow decided to turn this job down. Dr. Mace replied that he, personally, would consider this a sign that Tarlow did not wish to progress in the organization, and he would probably never be offered such a chance again. The interview terminated with the decision that Hyler would discuss the proposed change with Tarlow and report the outcome to Mace.

In talking with Dick Payton about the events that followed this conversation, Dr. Hyler said:

"I was far from convinced that Tarlow was the right man for this job, but the decision had apparently been made and I had to follow through. I'm pretty proud of the fact that I was able to present the proposed assignment to Tarlow objectively without revealing my own bias. I felt he had to make the decision himself. He wanted more information and decided to talk to Graham Holden. After he talked to Graham, he came to me and said he had decided to take the job.

Well, I was pretty surprised—I had really thought his interests lay in other directions, and I told him so. For one thing, I didn't want him to hear through the grapevine that I had opposed him for the job. I told him I had thought he was more interested in research, but that if this was what he really wanted, I would consider the matter closed and would tell Dr. Mace he wanted to take the job which I did. Well, Tarlow slept on it overnight and then came in the next morning and told me he had changed his mind—that he wanted to stay where he was."

Dick Payton was in Dr. Mace's office when Dr. Hyler came in to tell Dr. Mace of Tarlow's change of heart. He recorded the following conversation:

HYLER: I wanted to talk to you because Howard Tarlow came up to see me today and told me he had changed his mind about the Project X job. He decided it would take him away from chemistry and the work he really liked to do in the laboratory. I had talked to him yesterday and explained what the job would be like, and when he went home last night, he seemed to want to do it. Now, this morning he has changed his mind, which seems to me to mean he would rather stay in chemistry.

MACE: I want to talk to him and explain that this would mean passing up a very valuable opportunity.

HYLER: He asked if it made any difference to his future, and I said as far as I was concerned, it didn't.

MACE: He should know that this would mean he would have to be satisfied with a salary ceiling from now on, that he could never get out of the laboratory.

HYLER: I'll be frank. I didn't tell him he was prejudicing himself in the eyes of management for the future.

MACE: I just wanted to be sure he knows what management's reaction will be when he turns this job down. If he is happy in his own mind about doing this, why that's okay with me.

HYLER: I told him I was damned glad he made the decision now instead of six months later. I told him also that I wanted him to know that my view all along has been that this work would not be what he would like to do. He went home overnight and came back and said he worried about what the job would be like. He was

afraid to get away from work he was best fitted for in the laboratory. I sympathize with him.

MACE: You have got to remember some of the other instances like this in this company. Now you take Graham Holden. When he was head of insecticides, he was offered an administrative job in development. He took it, and he has gone on upstairs. But you remember the man in analytical a year or so ago who was offered an administrative job and he turned it down? Now, he isn't going to get another chance. I just want to point out to Tarlow that these opportunities occur from time to time and that when a refusal is made, that pretty well closes the door for future opportunities.

HYLER: I really give him credit for coming back and saying he had changed his mind. I think it takes a lot of courage to do that.

MACE: Well, it is better for a person to know where he stands before too many years, so I want to be sure that he knows exactly what he is doing. After all, the whole thing may be academic. We had a meeting the other day and we were told that the budget had to stand at 2.3 million for 1954, which is a substantial reduction from what we had asked for, and this is probably going to mean that we will have to cut out some things. It may be impossible to make this shift anyway. I won't know definitely until next Wednesday because it is a matter of company policy.

HYLER: Well, there is no need to get into a discussion of what we do now then. Do we want to bring this opening to the attention of others who might really want to do it? I know one individual who would obviously fill the bill. Of course, I don't know if he would take it, but it seems to me that Otis Clare would be excellent for this.

MACE: I guess that depends on whether this would be okay with Graham or not. We'll have to see.

HYLER: In the meanwhile, I will continue to keep Howard busy on process work.

MACE: Okay. I'll call him in sometime soon and talk to him.

Dr. Mace was disturbed by this conversation. He wondered how Dr. Hyler had presented Special Project X to Tarlow, and he felt responsible for assuring himself that Tarlow was aware of the serious consequences which turning the job down would inevitably have on his future with the company. The next day, therefore, he asked

Tarlow to come to his office. The conversation between the two men ran as follows:

MACE: Howard, I have been talking to Dr. Hyler about this Special Project X job, and I wanted to talk to you to find out how you were feeling about it. I have thought all along that you would be the one who would be most suitable to work on this Project X as a result of your experience in process work and your excellent chemical background. It was on that basis that we felt it desirable to select you. I want to give you some information on the background of this particular project. [He described Holden's work on setting up Special Project X and detailed the extent of the proposed operation.] Now, I understand that you have talked to Graham and to Dr. Hyler, and, up till yesterday, I had the impression that you were interested in this project. But then yesterday I heard that you changed your mind. I was disappointed to hear this, and I wondered why. I had seen this as a great opportunity which would bring the person doing it to the attention of top management.

TARLOW: Well, I know that there is room for a lot of work there. I decided, however, that it was not for me because it would take me away from process work and give me instead a lot of routine work on synthesis. I would have to do the same sort of thing over and over on different compounds, and this wouldn't help me to develop as an organic chemist.

MACE: Well, it wouldn't be as routine as straight analytical work. Actually, in a way, it represents a challenge considerably outside of the routine. Since Graham is not an organic chemist, ideas would have to flow from you to him. Graham might bring a lot of new ideas from Europe on which you would have to try to develop improved methods of synthesis, and there would be all sorts of opportunities for doing interesting work.

TARLOW: I don't suppose the thinking would be routine, but the bench work would be.

MACE: Would it be more routine than on a regular process project?

TARLOW: Yes, I think it would.

MACE: Oh. I begin to see. What you are interested in doing is a series of exploratory syntheses rather than a single synthesis on each project.

TARLOW: This is really a new kind of job entirely, isn't it?

MACE: Yes. [He talked about the difference between the work that would be done by the organic chemist assigned to Special Project X and the work in chemical processing.]

TARLOW: Well, it seems to me that my work would result in maybe two or possibly a dozen set reactions that would have to be tried on any compound. Furthermore, it seems to me to do this work well, I would need to know something about polymers, and this is a little out of my field.

MACE: Would you be interested in learning about that?

TARLOW: Sure, I would.

MACE: I wouldn't worry about it then. The people you will be working with don't have very much knowledge about polymers either. As they work with it, they become more familiar with it, and gradually they will get to the point where they are pretty conversant. I wouldn't make it a major worry that you don't have this particular background. I wouldn't be reluctant to accept this position just because of that.

TARLOW: The question in my mind is, how do I want to broaden myself. I decided last night that I wanted to gain more experience in organic chemical research.

MACE: Well, in light of that, would you prefer to work on research programs rather than on the processing work you are now doing?

TARLOW: Yes, as a matter of fact, I have wanted to do that for a long time.

MACE: Well, I'm glad I talked to you then. These conversations sometimes bring out what people really want to do. If your interest is purely in developing new methods of synthesis, you might be better off upstairs with the rest of the research department.

TARLOW: Yes, I have always had that desire. Of course, this does not mean that I am not happy where I am.

MACE: I didn't mean to imply criticism. Dr. Hyler has always said you have been doing excellent work on your present job. I was just exploring where you might be happier. Often when you enter an organization in one type of work and then work for a year or so, you find a greater interest somewhere else in the company. If this is so, it is often better to put people where they will be of more benefit to the company and themselves because of their greater interest in a particular kind of work.

TARLOW: Coming back to this other work with Graham. It would appear to me that the wheels of motion on this would take quite a while to start turning.

MACE: Well, I have already requested a replacement for you in chemical processing. Then as you train a new man, you would gradually go over to Project X 100 per cent.

TARLOW: That's not my point. The preparatory work that a person would have to do, it seems to me, is the important thing. On each new idea he would have to search the literature and spend a lot of time getting oriented before he could do the bench work. The working out of new reactions in that field would not be difficult, but results would not come any faster than it would upstairs in research. Wouldn't the development people get pretty impatient waiting a year for results?

MACE: No, they wouldn't at all. This is a challenge and it would take a year or more to work into the job properly. The thing is that when one real product comes out of Project X, that would prove to management that this is the kind of operation that can succeed. Then you would get more people working with you. And you've got to realize also that your work would be recognized faster in this Project X assignment than if you went to research.

TARLOW: You think this position has more advantages than a job in research, then?

MACE: Yes, it is a new thing, a challenge, and it puts you in closer contact with management than either regular process or certainly research work would. Therefore, you will get greater recognition more quickly. Although I must recognize your work in your present job, others in management just don't understand research and they wouldn't be able to appreciate what you were doing.

TARLOW: Maybe I had better reconsider here. (Sighs.)

MACE: I don't want to influence you. I just want to clarify the situation. Let me tell you that this is not a fly-by-night project. Graham is full of ideas, which is good. He needs to be tempered by the experimental approach, however. That is where you come in. Of course, it is still up in the air so far as implementation goes. [He explained the budget situation to Tarlow.] On the other hand, if you would like to reconsider, I wish you would do it. If we don't go into

this immediately, it will come up again, and we would want to consider you whenever it does.

TARLOW: This is the type of thing that it is hard for me to make up my mind on. It isn't too clear cut yet.

MACE: No, these things seldom are in their early stages. We have a lot of ideas, but we are no at all definite as yet. We just have to play along with it and see how it goes.

TARLOW: Well, I'll think it over some more.

MACE: This has been a good conversation. I've gotten a good idea of what you like to do, and if this doesn't work out, we will want to look upstairs and see if there is anything for you up there. This Project X, though, is one chance in a lifetime, and it isn't likely to come along again.

TARLOW: This Project X isn't likely to fold up in a year or two, is it?

MACE: No. Graham will be pushing this, and management will certainly never hold it against you if it doesn't work out.

TARLOW: Well, Graham and I would get along fine together. I'll think it over again. Things are kind of rushed in my section, and all this has hit me rather suddenly.

MACE: Yes, well, that is why I wanted to talk to you. In talking to different people, you get different interpretations. I wanted to be sure you were straight on this.

In talking to Dick Payton about this conversation with Dr. Tarlow, Dr. Mace expressed a number of thoughts. He said that it had seemed to him that Dr. Tarlow needed (*a*) to be sold on the challenge and the potential of the Project X job; (*b*) to be reassured that he was able to handle this kind of job; and (*c*) to be reassured that he would not be blamed by management if they changed their minds about Project X—in other words, that this would be a secure job for him. Dr. Mace then talked generally about how men come from college with ideas derived from their college professors. They feel that they want to do pure research, often along specific lines. He did not think that this was very realistic in so far as industry was concerned, since it was very seldom true that a company would have a need for the particular kind of work that a man had been doing in the academic atmosphere. The academic atmosphere was perfectly all right, but it

was pointed towards training men in research in a specific field rather than towards producing something of value to a company.

Dr. Mace felt that it was his job as director of the research and development division to show men under his supervision other roads they could travel that could also be fascinating and challenging although based on different values than those they had heard about other people. He felt that it was a part of his job to generate a certain amount of excitement and stimulation in men in development work as against pure research work. Quite often, he believed, by the time a man had been working for the company for some years, and had been exposed to a good deal of this challenge and excitement, he would shift his values and find the same excitement in development work that he had found in following through a complicated research project in the academic atmosphere.

Dr. Mace pointed out that he himself, when in college, had taken a course which was called "The Theory of Analytical Chemistry." He felt that the title was misleading and that it had been in reality a course in which the professor told them about the differences between chemical research as done at the university and that normally done in industrial laboratories. Dr. Mace believed that this course had been very helpful to him personally in making the adjustment from the academic to the industrial atmosphere.

From *THE CAINE MUTINY**

by

HERMAN WOUK

Captain Grace, chewing on the stem of an enormous black pipe which emitted a column of blue smoke and occasional sparks from the bowl, accepted the envelope offered by the captain of the *Caine* and motioned him to a yellow wooden chair beside his desk. Queeg, natty as his bulbous figure permitted in gabardine khakis, sat with his fingers laced tightly together in his lap. . . .

"May I know, sir," Queeg said in a faltering tone, "in what respect the admiral finds fault with me?"

"Well, hang it man, first time under way you run up on the mud—of course, that can happen to anybody—but then you try to duck a grounding report and when you *do* send one in upon request, why, it's just a phony gun-deck job. And then what do you call that despatch to us yesterday? 'Dear me, I've lost a target, please, ComServPac, what shall I do?' Admiral blew up like a land mine. *Not* because you lost the target—because you couldn't make a decision that was so obvious a seaman second class could have made it! If the function of command isn't to make decisions and take responsibility, what is it?"

Queeg's upper lip raised, showing his teeth in a mechanical half-smile. "By your leave, sir, I made my estimate of the situation and my decision. Then, considering the expense of the target which you have just mentioned and all, I made another decision, which was that the matter ought to be referred to higher authority. As for the grounding report I did not try to duck it, sir, I did not wish to trouble higher authority with a despatch about a trivial matter. It seems to me that I am being reproved here in one case for bothering higher authority, and in the other case for not bothering higher authority. I respectfully submit, sir, that the admiral ought to make up his mind as to which policy he prefers." There was a glimmer of triumph in the down-hung face.

The operations officer ran his fingers through his gray hair. "Commander," he said, after an extremely long pause, "do you really see no difference between those two situations?"

* New York: Doubleday & Company, Inc., 1951, pp. 166–69. Reproduced by permission.

From *TIME AND TIDE**

by

JOHN RUSKIN

That, on the whole, simply manual occupations *are* degrading, I suppose I may assume you to admit; at all events, the fact is so, and I suppose few general readers will have any doubt of it.[1]

* * * * *

Farther. A great deal of the vulgarity, and nearly all the vice, of retail commerce, involving the degradation of persons occupied in it, depends simply on the fact that their minds are always occupied by the vital (or rather mortal) question of profits. I should at once put an end to this source of baseness by making all retail dealers merely salaried officers in the employ of the trade guilds; the stewards, that is to say, of the salable properties of those guilds, and purveyors of such and such articles to a given number of families. A perfectly well-educated person might without the least degradation hold such an office as this, however poorly paid; and it would be precisely the fact of his being well educated which would enable him to fulfill his duties to the public without the stimulus of direct profit.

*London: Smith, Elder and Co., 1867, pp. 130 and 135.

[1]Many of my working readers have disputed this statement eagerly, feeling the good effect of work in themselves; but observe, I only say, *simply* or *totally* manual work; and that, alone, *is* degrading, though often in measure refreshing, wholesome, and necessary. So is it highly necessary and wholesome to eat sometimes; but degrading to eat all day, as to labour with the hands all day. But it is not degrading to think all day—if you can. A highly bred court lady, rightly interested in politics and literature, is a much finer type of the human creature than a servant of all work, however clever and honest. [Ruskin's footnote].

INDUSTRIAL CHEMICALS, INC. (D)*

During the months he spent studying the activities of the research and development division of Industrial Chemicals, Inc.,[1] Dick Payton, the researcher from the Harvard Business School, recorded a number of observations that centered around the relationship between the director of research and development, Dr. Mace, and the director of development laboratories, Dr. Myers.

Dr. Mace, in the spring of 1954, had occupied his present position for about four years. He was the third man to hold the job in 10 years. In the early '40's, the director had been Dr. Ross, a man who had earned from his subordinates a tremendous amount of respect and genuine affection. His personality was frequently recalled by scientists in the division who invariably characterized him, when talking to Payton, as someone who had had a real understanding of the needs of scientists while at the same time being able to maintain the confidence of top management.

When Dr. Ross died suddenly in 1948, his place had been taken by Dr. Tuckerman, who accepted the job after resigning from a similar position in another company. In the two years that Dr. Tuckerman directed the work of the division the over-all morale of divisional personnel slumped badly. A number of people accounted for this, while discussing the situation with Payton, by referring to Dr. Tuckerman's insistence that all activities of the division be highly organized and rigidly controlled.

Dr. Mace had replaced Dr. Tuckerman in 1950. He, too, had come from a similar position in another company. Dr. Mace, however, had spent a good many years as a professor of chemistry at a well-known university before taking up scientific administration in industry.

Dr. Myers, on the other hand, had come with Industrial Chemicals 20 years before as a young graduate chemist. He was the first scientist assigned to work on development problems, and for several years he worked alone in a small laboratory which had been set up for him

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[1]All names and certain other factual data have been disguised to conceal identities.

in an old warehouse several miles from the main plant and offices of the company. In these early years he came into frequent contact with the top management group, who depended on him for the technical implementation of their product development ideas. Gradually, as both the company and the research and development organization expanded, he was authorized additional personnel, and by the time the company moved into a new modern building in the early '40's, he found himself the head of a sizable development organization.

Dr. Myers was very much aware of the fact that he had had a good deal of experience in development work, and in the spring of 1954, was wrestling with the problem of how to retain the responsibilities he had undertaken. The day that Dick Payton interviewed him for the first time, Dr. Myers had just completed work on a set of job descriptions which included not only his own job but those of his subordinates. He expressed his feelings on the matter to Payton in the following conversation.

MYERS: You have got to realize that I have been here almost since the beginning—for more than 20 years, and Dr. Mace only came in about four years ago. In these 20 years I have gotten used to a certain way of operating. I have always done things pretty informally and have been in the habit of following up a lot of things myself with manufacturing and sales people because it has been my experience that this was the easiest way to get things done. It has recently become apparent, however, that we are going to have to formalize what I do a little bit more than has been so in the past. Don't misunderstand me—there is lots of room for initiative in the company. In fact, it seems like people go out of their way to avoid crushing anyone's initiative. I have been used to doing things my way and no one ever tells me not to do it, so I just go along and operate the way I always have. I don't kid myself, I know that I have 20 years of background, and in 20 years I have learned a lot about how to handle things in the development field here at ICI. The trouble is, I go to Dr. Mace occasionally to check something having to do with manufacturing for instance, because after all, as director, he is supposed to handle relationships between R & D and sales people and between R & D and manufacturing people, and what happens usually is that he says to call a meeting next week to talk about the question I have brought to him. Well, now I don't see any

reason for meeting and delaying things that way when I could handle the whole problem myself with the manufacturing people very easily the way I have for years.

PAYTON: You are getting signals that Dr. Mace wants to handle some of these things?

MYERS: Yes, and the trouble is that in many cases these are things which could be handled more directly by myself or other people. For instance, he told me he wanted me to co-ordinate the work on several polymer projects. But then people from the manufacturing and sales division will call him, quite naturally, of course, and he will go ahead and handle things in connection with polymers directly with them, and then forget to tell me anything about what he has done. Well, what he is doing is—he is telling me I should handle polymer projects, but then he is going ahead and doing a lot of it himself. This makes it pretty hard to for me to figure out just where I stand. Even though I realize he is the director and supposed to handle relations with other divisions, I have been doing this sort of thing for years, and I feel competent to take the responsibility of continuing to do it. I also realize that sometimes it is difficult to delegate responsibility. I find myself doing things that my subordinates should handle. I just believe we have got to get these things understood and made formal. That is why we are getting up these job descriptions.

PAYTON: You have always operated pretty informally, but now you see the necessity for getting your job on paper.

MYERS: I guess everyone does a lot that no one knows about. I am sure Rossian does a lot that I don't realize he handles, and I am sure my secretary does more than I realize until she goes away for a two-week vacation. Certainly, I doubt that Dr. Mace understands the responsibilities I have undertaken over all these years.

PAYTON: You are not sure your boss appreciates all you do around here. Does this worry you?

MYERS: No. Not particularly except it makes for inefficiency and duplication. I have always had the technical background to handle my job, but now I have this problem of how to deal with Dr. Mace and I don't know quite how to handle it according to best personnel practice.

The preparation of the job descriptions referred to by Dr. Myers in this conversation had been initiated by him in an attempt to clarify

his own responsibilities in relation to those of Dr. Mace. In forwarding these job descriptions to Dr. Mace, Dr. Myers had written a covering memorandum which included this paragraph:

> You will note that some of the duties listed among those of the director of development are presently officially part of those of the director of the R & D division. However, since they are all essentially developmental, I had been doing them before you came. I have continued to do a large amount of this work, since it seemed logical, efficient and expedient. I am confident that I am capable of assuming full responsibility for these operations and reporting to you on those that need your attention the same as I do any other development matter. This should not only relieve you of some of your load, but should also eliminate duplicate effort. I believe that it would facilitate the over-all operation if they were carried out by a person one step nearer the bench. I have been concerned for some time due to the lack of clear-cut responsibilities and the authority to do that which I really felt I should be doing. I am sure that a clarification of responsibilities and definition of authority would remedy this.

Payton had several opportunities to talk with Dr. Mace concerning the relationship between the two men. On one occasion, several weeks after Dr. Myers had forwarded the job descriptions to his superior, Dr. Mace had this to say in answer to a question of Payton's:

MACE: Ralph Myers is a very ambitious man who is unhappy with the realities of his present existence. I am certain that he was bitterly disappointed when he did not get this job after Dr. Tuckerman left. Unfortunately, although he does a good job on development work, and has for many years, he just has not got the capacity to go any higher. He not only rubs a lot of people the wrong way—which is the main reason I have been taking over the relationships with sales and manufacturing—but he doesn't seem to be able to learn. For instance, there is a particular type of report he is supposed to write up and submit to me periodically which is circulated all through the division and to other divisions as well. On a number of occasions I have called him in and gone over these reports with him and pointed out specific changes I wanted him to make in his method of writing up the report. Invariably, the next report comes through with the same errors in it. Another thing—he still operates as though development was a one or two man operation. He can't seem to keep out of the laboratory. He is constantly getting into details of the work that should be handled by his subordinates. Furthermore, he is constantly trying to assume responsibilities that rightfully belong

to me as director of the R & D division. One clear indication of this was the job description he wrote up recently. Dr. Hyler wrote up one that was quite good, but when Ralph's came down, it was instantly apparent that he had not written the description of his job as it is, but as he wanted it to be. In fact, when my secretary brought it in to me, she said that it looked as though Dr. Meyers wanted to take over my job.

Payton was particularly interested in this last point because he recalled that during the course of a conversation he had had with Dr. Myers a week or so before, Myers had said specifically that he did not feel badly about being passed over on the promotion to director of research and development. He said that he realized that this position required a broad background which he knew he did not have. On the other hand, he was strongly opposed to the gradual relinquishing of responsibilities which he believed Dr. Mace was demanding of him.

Payton made a point of keeping in touch with developments concerning the relationship between Drs. Mace and Myers. He recalled particularly a conversation he had with Dr. Mace the day he concluded his observations in the laboratories. Dr. Mace, was, at that time, even more worried about what to do about Dr. Myers than he had been two months before. He said that Dr. Myers had been getting worse in his relations with manufacturing people—"throwing his weight around" and arguing points vehemently in meetings to the point where Dr. Mace believed either name-calling or physical violence would result soon if something were not done. Dr. Mace was wondering particularly how he should handle two specific interviews with Dr. Myers that he knew he was going to have to initiate soon. First, he had not yet discussed with Myers the job descriptions Myers had submitted to him. Secondly, a supervisory appraisal system had recently been initiated in the research and development division, and in the ordinary course of events the post-appraisal interview with Dr. Myers should be scheduled within the next month or two. The possibility of dispensing with Dr. Myers' services was not in the picture at all, according to Dr. Mace. Not only had he been of great value to the company for 20 years, but he was, from a technical standpoint, an excellent man in the developmental field. Dr. Mace believed that somehow he had to get Dr. Myers to accept the new order of things, but he had no idea how he was going to go about accomplishing this task.

From *EXECUTIVE ACTION**

by

EDMUND P. LEARNED, DAVID N. ULRICH,
AND DONALD R. BOOZ

Behind the "executive" stands the individual, the human being who, in an industrial society, has made a career out of business and has reached a prominent place in it. Beneath the customary behavior patterns of the executive operate the more deeply personal forces that drive each individual in his own particular way. In addition to functioning as a specialized part of the industrial machine, each executive brings his own abilities and needs to the office with him and endeavors to use these abilities and fill these needs. The discussion of administration would be meaningless if we did not recognize that the executive who must work with the human materials around him must also work with the human materials in himself.

* Boston, Massachusetts: Division of Research, Graduate School of Business Administration, 1951, p. 64. Reproduced by permission.

THE CORELLI CASE*

CHARACTERS: Mr. Corelli, demoted group leader.
Mr. Avery, personnel supervisor.

Mr. Leonardo Corelli was above average in intelligence, a Protestant Italian, 32 years of age, who had at one time studied for the ministry. At the age of 17 he became an industrial worker (temporarily as he thought) to earn money for his anticipated college expenses. After five years, during which he had not been able to save enough for a college education, he gave up this plan. Instead, he entered a Methodist missionary school in the South. Accordingly, from 1927 through 1931, he worked at the factory only from June to September as motor repairman. For his spare time he accepted preaching engagements in rural parishes. During lunch hours he also conducted a few revivalistic meetings at the factory. These were ridiculed by his fellow workers and soon abandoned.

For personal reasons he did not complete his studies at the missionary school, and from 1932 on he decided to continue permanently as an industrial worker. His next position was that of electrician's helper in the maintenance department. On June 29, 1936, he transferred to the test department as tester. On July 3, 1936, he transferred again and secured a position as assembler. In October, 1936, he was promoted to the position of group leader on the third shift. Nine months later he was demoted. The reason given was his lack of supervisory ability. A few weeks later he obtained a transfer to the feeder section.

At the time of the following interview he had just entered an evening course in industrial management at the LaSalle Institute.

On Thursday, July 1, 1937, Mr. Corelli came to Mr. Avery for advice. He was so excited that it was some time before he could speak coherently:

AVERY: Well, Mr. Corelli, what can I do for you?

CORELLI: Oh, Mr. Avery, if something isn't done right away, I'll go crazy. I'm at my wits' end. Please tell me what to do.

AVERY: Oh, come, it can't be as bad as all that. Take a chair and tell me what's on your mind.

CORELLI: Thank you. You're very good to let me talk to you without an appointment and all. But I just simply got to talk to somebody.

* From Paul and Faith Pigors, *Case Studies in Industrial Relations*, Series I, Section 5 (Cambridge: Addison-Wesley Press Inc., 1944). Reproduced by permission of the authors.

I can't understand why this should happen to me. People might think I was the thief when all I tried to do was to make them see that it was wrong to lay down on the job. Anybody with the smallest spark of decency could only do as I did. . . .

AVERY: Have a cigarette, Mr. Corelli, and have a little smoke before you tell me what this is all about.

CORELLI: Thank you. I think that's a good idea. . . . (*Lights a cigarette and inhales deeply.*)

About nine months ago I was appointed as a group leader and got involved in a difficult situation. Men on the night shift on which I was working, especially inspectors and testers, went to sleep after a few hours of work or else simply went off for a walk. Of course, I had no authority over the inspectors and testers, so I could not say anything. And whenever I offered a little friendly advice they just laughed at me. Pretty soon, some of the workers in my group, too, began to shirk their duties and copied the behavior of the others. All this interfered with production. I reprimanded them and they just said: "What's the use of working? We can't get anywhere unless the inspectors and testers check on our stuff."

I reasoned with both my men and the inspectors. I urged that it was their moral duty to do the best they could for the company. I even had them at my house for a party in an effort to make friends with them. I tried to explain to them that it was to their best interest to do a good job; but they paid no attention. No one, except a graduate from New York University, understood what I was talking about. Pretty soon the whole group was snickering. Some of them even told me to go to hell. There was nothing I could do to remedy the situation.

When I was called on the carpet for not getting out production, I went to the foreman and explained the situation. The foreman refused to do anything about it, saying he could not afford to antagonize the foreman of the inspectors and testers. Apparently his one major desire was to avoid trouble with his colleagues. As for me, I felt the behavior of the men was just as bad as stealing. If you had put $50 on the table and they took it away, just like that (*making a sweeping gesture with his right hand*), people would pay attention. But when they merely neglected their work, no one seemed to notice.

Finally I went to Mr. Kendricks, the employment manager, and asked him for advice. Mr. Kendricks gave me some very valuable advice and told me to let things alone for a while, maybe they would straighten

themselves out. He suggested that I allow the situation to explode rather than explode myself. I followed this advice for a while, but pretty soon things became worse and worse. I was also feeling that my character was disintegrating if I allowed this sort of thing to occur under my supervision. For many days I hardly got a wink of sleep, thinking, thinking what I could do to make the men see their mistake; to find a way in which I could gain their co-operation and bring them back on the right path. I prayed for guidance. All in vain. So I finally went to Mr. Hastings, the general foreman. I told him my predicament and asked for help. But Mr. Hastings was very impatient and without regard for me, he decided to settle the thing in his own way. He called all the men together and exposed the situation. What was the result? The offenders kept their jobs and I lost mine as a group leader. Evidently, Mr Hastings seemed to feel that he would rather have one dissatisfied employee (namely me) than many. So I was in disgrace. Naturally I did not want to stay in that department and got a transfer to the feeder section.

But what's the use? The men in my new department met me with much antagonism. They seemed to think that I was a stool pigeon and refused to work with me. I was so upset about this all that I became ill. I even felt at one time that I would do away with myself physically. Where is the justice of it all, I ask you? Here I was trying to do the best I could for the company and for the men, too, if they only had brains enough to know it. What was the result? Everyone shuns me as if I were a leper.

I explained the situation to the workers but they only laughed at me. They neither know nor care what the facts are. They rather have somebody they can kick around.

The union representatives refuse to do anything about my case. I've talked to them and they say that they will not be a party to any action which is designed to make men work harder. What d'you think of that? And they are supposed to be our representatives. I told them that in such a case I felt that I could no longer accept their philosophy. But all they say is, "So what?"

In talking to the union representatives, the works manager once said that honesty still counts for something. I believed this, but apparently this is not so. No one gets hurt except myself.

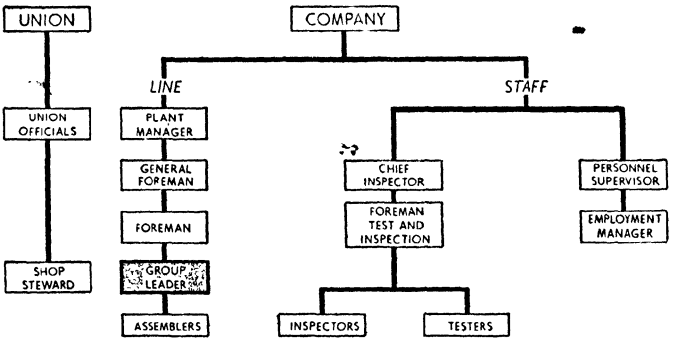
I don't know what to do. I almost feel like throwing up my job and doing away with myself. But as a last resort I have come to you for advice.

I think a group leader is in a difficult position. If he doesn't get out production, management will call him on the carpet. If he exposes unsatisfactory conditions that interfere with his getting out production, he's hated by the men and abandoned by the union. How can he tell what course he has to steer? I think group leaders ought to have a chance to meet with each other in order to talk over their problems. They do have problems, you know. They may not admit it to management, but I know they have. Perhaps I was hasty in my uncompromising attitude. I found that out to my cost. But what can I do now? If no one is willing to work

EXHIBIT 1

THE CORELLI CASE

CHART OF ORGANIZATIONAL RELATIONSHIPS



with me, how can I earn a living, how can I show them that I want to do the best I can?

When I went to school I used to have a social ethics teacher who told us how the workers were exploited and used as machines. But now that I have some industrial experience I know that this is somewhat exaggerated. Some workers may show the right spirit but many of them think of nothing but how they can get by and how they can cheat the company. This is very discouraging. I can't see how men can complain at one time that they are not paid enough for their work and how at the same time they can consciously cheat the company by laying down on the job. I would like to write about my experiences and publish them in the union paper to let the workers know what they're really like. But I'm afraid that the union would not publish these articles. Nothing hurts so much as the truth.

So what's the use? There's nothing I can do. What is to be done? Do you think there's any use in my staying here?

QUESTIONS

1. As they are revealed, what attitudes does Corelli appear to have which might tend to make him a useful and constructive individual in an organization? Not so useful and not so constructive?
2. What theories seem to be implicit in Corelli's thinking and actions as to what he believes are the determinants of co-operation? In terms of your understanding of the nature and causes of co-operation, what do you think of the usefulness of Corelli's ideas?
3. In terms of your understanding of Corelli, what, would you say, was he praying for when he prayed?
4. What similarities and differences do you perceive in the thinking, attitudes, and assumptions of Corelli and John Graham of the "Marshall Company"?
5. After the few seconds' time at his disposal after Corelli's last question, what, if anything, should Avery respond? Why?
6. What, if anything, should Avery do about the situations and people that figure in Corelli's statements? Why?

From *THE DISCOURSES* OF EPICTETUS*

"To the Administrator of the Free Cities,
Who Was an Epicurean."

. . .

—"But I am a wealthy man, and have no need of aught."

Why, then, dost thou profess philosophy? Thy vessels of gold and vessels of silver are enough for thee; what need hast thou of doctrines?

—"But I am also a judge of the Greeks!"

Dost thou know how to judge—who make thee know?

—"Caesar wrote me a commission."

Let him write thee a commission to be judge of music, and what help will it be to thee? And how didst thou become a judge? by kissing of what man's hand? Was it that of Symphorus or Numenius? Before whose bed-chamber didst thou sleep? To whom didst thou send gifts? Dost thou not perceive, then, that to be a judge is worth just as much as Numenius is worth?

—"But I can cast into prison whom I will."

As if he were a stone.

—"But I can flog any man I will."

As if he were an ass. This is no government of men. Rule us as reasoning beings; show us what is for our good, and we shall follow it; show us what is for our ill, and we shall turn away from it; make us emulators of thyself, as Socrates made his disciples. He, indeed, was one that governed men as men, who made them subject unto him in their pursuit and their avoidance, their desire and dislike. *Do this, do not this, or I will cast thee into prison.* This is not the rule of reasoning being. But, *As Zeus hath ordered, so do thou act; but if thou dost not, thou shalt suffer loss and hurt.* What hurt? *None other than this—not to have done what it behooved thee to do. Thou shalt lose faith, piety, decency—look for no greater injuries than these.*

* New York: The Mershon Company, undated, translated by T. W. Rolleston, pp. 162–63.

MERSON COMPANY*

The Merson Company[1] was a large manufacturer of electric motor units and small machine parts which it sold as separate items as well as in assembled products for industrial and consumer use. The company had eight plants in the United States and several foreign subsidiaries in different parts of the world. The Kirkland plant, which was the largest, covered 30 acres and had 25 buildings. In the eight plants in this country there were in 1943 about 60,000 employees, of whom approximately 25,000 worked in the Kirkland plant. This plant was the headquarters, for top-management officials of the company were also located at Kirkland.

Mr. Howard Russell was president of the Merson Company. Under his direction were the following main department heads: the General Production Manager, the Domestic Sales Manager, the Foreign Sales Manager, the Sales Research Director, the Treasurer, the Chief Engineer, the Purchasing Director, and the General Counsel. Each of these department heads was a vice-president. Each of these departments was further broken down into numerous sections. The plant managers all reported to the General Production Manager, Paul Donahue.

Although each plant had its own personnel director, the management officials of the company decided in February, 1943, that some coordination of the plant personnel programs was desirable. To accomplish this objective Mr. Russell established in the Kirkland offices a Personnel Research Department. The head of this new department was to report to Mr. Russell.

Following this decision Russell hired an old friend, Allan Dunbar, to head this department and to formulate its policies and objectives. Dunbar was about 38 years old and single. He had had some experience in administering Y.M.C.A. activities and in teaching philosophy; in addition, he was a poet. He had studied several years in Italy. For a number of years he had been interested in personnel relations in industry, and he took up his work in this new position with a great deal of enthusiasm. Mr. Dunbar was also a personal friend of Mr. Nason, the manager of the Kirkland plant. Nason held the title of vice-president.

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[1] All names have been disguised.

At the end of his first week with the company Dunbar wrote the following statement of the purposes of the Personnel Research Department to be included in the company's organization manual. This statement was approved by Mr. Russell.

> "The purpose of the Personnel Research Department is to keep informed on all developments in the field of personnel relations and to communicate in the most effective ways possible the knowledge of these developments deemed useful to our plant personnel directors; to study personnel methods, problems, and organizational structure; to analyze and interpret studies in industrial economics; to start and encourage research, methods, and policies in all plants that will improve and maintain good human relations among our employees."

To secure these objectives Dunbar organized his department into the five following sections: Training and Education, Induction of New Workers, Psychological Testing and Research, Public Relations, and Wage and Salary Analyses. For all the sections except Wage and Salary Analyses Dunbar personally selected new people. He was proud of the fact that he succeeded in getting men with Ph.D. degrees to supervise each of these sections and that all other staff members in the four sections had Bachelor's or Master's degrees.

The Wage and Salary Analyses section had been in existence for about two years under the supervision of John Riley, who had reported directly to Paul Donahue, General Production Manager of the company. Mr. Nason had suggested to Russell, Donahue, and Dunbar that the Wage and Salary Analyses section should be included in the new Personnel Research Department. Nason had stressed to Dunbar that Riley would be very valuable in helping him, Dunbar, "find his way around." With the approval of Russell and Donahue, this organizational change was made.

Riley was 48 years old, married, and the father of two children. He had been with the Merson Company at the Kirkland plant over 10 years. Starting in the accounting department, he had worked in a great many other departments. Although he was not a college graduate, from time to time he had taken courses in local schools and colleges. Among the officials of the company he had a reputation for knowing a great deal about almost all phases of operations and was considered especially skillful in statistical work. He had handled all wage increase cases before the War Labor Board and advised plant officials on union negotiations.

Much of his work under Mr. Donahue had kept him in close contact with the personnel department of the Kirkland plant.

In the new Personnel Research Department Riley reported to Dunbar. Dunbar told Riley that the purposes of the Wage and Salary Analyses section were to be as follows:

1. To co-ordinate and direct wage and salary surveys, job analysis, and job evaluation, and give technical advice on wage and salary problems.
2. To carry on research and to make reports and recommendations regarding wage and salary payment plans.
3. To make periodic analyses and reports on hours, earnings, labor turnover, absenteeism, and other related matters.

Riley continued to manage his section's activities substantially as before. He devoted most of his time to problems of the Kirkland plant and made himself available to everyone in the plant for all kinds of information, not only on wage and salary questions but on many other phases of plant operations in which he was experienced and interested. As a rule, he received 20 telephone calls from people in the plant to one call going to the new section heads in the Personnel Research Department. Nevertheless, the latter apparently came to value Riley's opinions and suggestions as much as the old-timers in the plant. Hardly an hour of the day went by that one or another of them was not in his office.

Since Dunbar was concerned with company-wide problems and had close personal relationships with Russell and the vice-presidents of the company, he was given an office near these men. This location was several buildings away from the offices of his newly formed department in which Riley's section was also located. Consequently, Dunbar found it necessary to resort to the telephone and to written memoranda for most of his interdepartment communications. It was his practice to write rather formal memoranda to Riley and other section heads requesting certain surveys, statistical reports, and estimates. If this material was not in his hands after a day or two, he sent written follow-up inquiries. His subordinates felt that these inquiries were rather sharply written.

Because his responsibilities involved other plants as well as the Kirkland plant, Dunbar traveled a large part of the time and was unable to visit his Kirkland section heads more than twice a week and sometimes less often. A few weeks after the department was formed Dunbar had employed Robert Clark to prepare a job analysis program for the en-

tire company. Clark was placed in Riley's section and was directed to work under his supervision. Dunbar told Riley that Mr. Russell and Mr. Nason were very much interested in this project, and that they regarded the project as being of great importance.

Two months after Clark started to do this work Dunbar had received no progress reports. Dunbar began asking Riley every day or two how Clark was getting along. Riley's replies were to the effect that he had been spending almost all his time assisting and advising in the negotiation of new contracts for the Kirkland plant with the union; furthermore, he added that he had had all his staff members working on reports and statistical data for use in these negotiations with the union heads.

Finally, one day Dunbar visited the offices of the Wage and Salary Analyses section and stopped at Clark's desk.

DUNBAR: Bob, how is the job analyses manual coming along?

CLARK: I've gone as far as I can. I'm waiting now for Mr. Riley to read and criticize it. (*Dunbar then went into Riley's office.*)

DUNBAR: Jack, Bob tells me he has finished the job analyses manual and is waiting for your comments. What progress have you made?

RILEY: I haven't even had time to read it. To tell the truth, I haven't even had time to read my mail for two days. We're in a tangle with the union at the plant here and things don't look so good. The end of August is almost here, and we've got exactly nowhere in two solid weeks of discussion.

DUNBAR: I have a conference with Mr. Nason tomorrow morning We've spent a lot of money working on this manual, and if we're going to put the program through, now's the time. I consider it the most important project in the department.

RILEY: I'll get to it as soon as I can.

DUNBAR: I have a conference with Mr. Nason tomorrow morning at 10. I shall expect the manual and your recommendations in my office by nine.

RILEY: I can't promise anything. I have a union meeting all afternoon.

DUNBAR: Well, I don't consider the union contracts your responsibility. Ours right now is this manual.

As soon as Dunbar left his office Riley came out to Clark's desk and said: "I wonder if Dunbar would consider the nine or ten million dol-

lars the union's new demands will cost us next year a lot of money. It's a h—l of a lot more than any job analyses will save in 10 years."

QUESTIONS

1. As you understand the situation, what, would you say, did Mr. Russell have in mind when he hired Allan Dunbar?
2. How do you interpret the statement of purpose of the Personnel Research Department?
3. As you interpret their behavior, what did Riley seem to think of Dunbar's background? Dunbar's of Riley's? Nason of Dunbar's? What significance, if any, do you attach to the views which you think these men may have had concerning Dunbar?
4. What significance would you attach to these personal evaluations of others as part of the situation in this case?
5. What, do you suppose, did Nason have in mind when he suggested to Dunbar that Riley would be very valuable in helping him, Dunbar, "find his way around"?
6. What significance do you attach to the fact that Riley had all his staff members busy working on reports and statistical data for Mr. Donahue's use in negotiating new contracts with the union relating to the Kirkland plant?
7. On the basis of the ideas and actions revealed in this case, what judgments do you reach concerning the administrative capacities of Messrs. Russell, Nason, Donahue, Dunbar, and Reilly?

From *THE INSECT WORLD OF J. HENRI FABRE**

by

EDWIN WAY TEALE

I go the circuit of my enclosure over and over again, a hundred times, by short stages; I stop here and I stop there; patiently, I put questions and, at long intervals, I receive some scrap of a reply. . . .

. . . . . .

[Some] have reproached me with my style, which has not the solemnity, nay, better, the dryness of the schools. They fear lest a page that is read without fatigue should not always be the expression of the truth. Were I to take their word for it, we are profound only on conditions of being obscure. Come here, one and all of you—you, the stingbearers, and you, the wing-cased armour-clads—take up my defence and bear witness in my favour! Tell of the intimate terms on which I live with you, of the patience with which I observe you, of the care with which I record your actions. Your evidence is unanimous:

* New York: Dodd, Mead & Company, 1949. Pp. 2, 3, 66–67, and 326–27. This volume consists of excerpts selected by Edwin Way Teale from Fabre's works as translated by Alexander Teixeira de Mattos. Reprinted by permission of Dodd, Mead & Company from *The Insect World of J. Henri Fabre* by Edwin Way Teale. Selections from *The Glow-Worm, The Life of the Fly, The Sacred Beetle, Mason Wasp.* Copyright 1919, 1913, 1918, 1919, by Dodd, Mead & Company, Inc.

EDITORIAL NOTE BY J.D.G. AND R.M.H.—J. Henri Fabre was a French entomologist. His long life—he lived between 1823 and 1915—was led under the conditions of penury imposed by the small income he received, first as a provincial schoolteacher and later as a writer of books on popularized science. At the age of fifty-five, in 1879, he was at last able to buy an old house on a small lot of land near the village of Serignan—as Mr. Teale says, "a small foothold of earth, sun-scorched and thistle-ridden, unfit for grazing and agriculture." Here he spent the remainder of his life studying with minute closeness and detail, and experimenting on the insect life of this plot and the surrounding countryside. Between 1879 and 1907 ten volumes of his work were published under the title *Souvenirs Entomologiques.* Recognition came late. At the age of eighty-four, Mr. Teale tells us, Fabre was "discovered" by such eminent literary figures as Maurice Maeterlinck, Edmond Rostand, and Romain Rolland. Thereafter, his statue was erected in the village. He was elected to membership in scientific societies in London, Brussels, Stockholm, Geneva, and St. Petersburg. The French government bestowed upon him a pension of $400 a year.

Some of Fabre's ideas on the "clinical method" may be inferred from the passages quoted here.

yes, my pages, though they bristle not with hollow formulas nor learned smatterings, are the exact narrative of facts observed, neither more nor less; and whoso cares to question you in his turn will obtain the same replies.

. . . . . .

Begun to-day and dropped to-morrow, taken up again later and again abandoned, according to the chances of the day, the study of instinct makes but halting progress. The changing seasons bring unwelcome delays, forcing the observer to wait till the following year or even longer for the answer to his eager questions. Moreover, the problem often crops up unexpectedly, as the result of some casual incident of slight interest in itself, and it comes in a form so vague that it gives little basis for precise investigation. How can one investigate what has not yet been suspected? We have no facts to go upon and are consequently unable to tackle the problem frankly.

To collect these facts by fragments, to subject those fragments to varied tests in order to try their value, to make them into a sheaf of rays lighting up the darkness of the unknown and gradually causing it to emerge: all this demands a long space of time, especially as the favourable periods are brief. Years elapse; and then very often the perfect solution has not appeared. There are always gaps in our sheaf of light; and always behind the mysteries which the rays have penetrated stand others, still shrouded in darkness.

I am perfectly aware that it would be preferable to avoid repetitions and to give a complete story every time; but . . . who can claim a harvest that leaves no grain for other gleaners? Sometimes the handful of corn left on the field is of more importance than the reaper's sheaves. If we had to wait until we knew every detail of the questions studied, no one would venture to write the little that he knows. From time to time, a few truths are revealed, tiny pieces of the vast mosaic of things. Better to divulge the discovery, however humble it be. Others will come who, also gathering a few fragments, will assemble the whole into a picture ever growing larger but ever notched by the unknown.

. . . . . .

Is it really worth while to spend our time, the time which escapes us so swiftly, this stuff of life, as Montaigne calls it, in gleaning facts of indifferent moment and of highly contestable utility? . . . Too many interests of a graver kind hold us in their grasp to leave leisure for these

amusements. That is how the harsh experience of age impels us to speak: that is how I should conclude, as I bring my investigations to a close, if I did not perceive, amid the chaos of my observations, a few gleams of light touching the loftiest problems which we are privileged to discuss.

What is life? Will it ever be possible for us to trace it to its sources? Shall we ever be permitted to excite, in a drop of albumen, the uncertain quiverings which are the preludes of organization. What is human intelligence? What is instinct? Are these two mental aptitudes irreducible, or can they both be traced back to a common factor? . . . These questions are and always will be the despair of every cultivated mind, even though the insanity of our efforts to solve them urges us to cast them into the limbo of the unknowable. The theorists, proudly daring, have an answer nowadays for every question; but as a thousand theoretical views are not worth a single fact, thinkers untrammelled by preconceived ideas are far from becoming convinced. Problems such as these, whether their scientific solution be possible or not, require an enormous mass of well-established data, to which entomology, despite its humble province, can contribute a quota of some value. And that is why I am an observer, why above all, I am an experimenter.

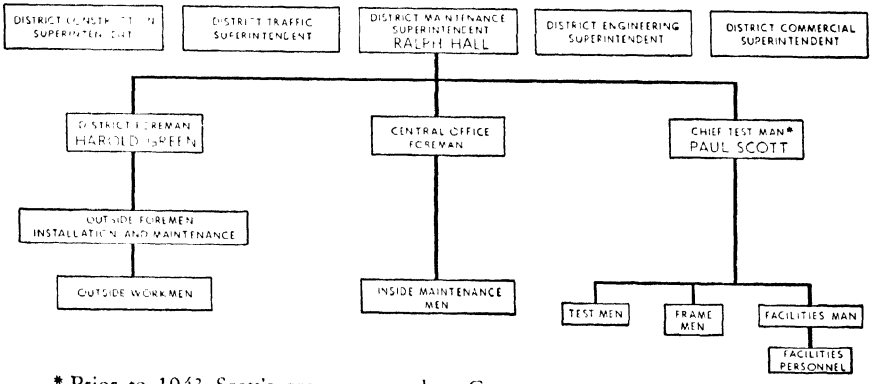
GRAYSON COMPANY*

An old established telephone company, the Grayson Company,[1] operated over a very wide geographical area. For the purpose of administration the operations were divided into several districts. Each district, in turn, was divided into five departments: commercial, traffic, engineering, construction, and maintenance, each headed by a district

EXHIBIT 1

GRAYSON COMPANY

JONESVILLE DISTRICT, PARTIAL ORGANIZATION CHART



* Prior to 1943 Scott's group reported to Green.

superintendent. The headquarters of the Jonesville District were in Jonesville, a city with a population of about 50,000. Jonesville was the only large urban community in the district, the rest of the district being primarily rural. Mr. Ralph Hall was the District Superintendent of Maintenance for the Jonesville District. A partial organization chart of the Jonesville district is shown in Exhibit 1.

Mr. Hall was quite concerned about the test group supervised by Mr. Paul Scott, particularly since the group had a very important part in the over-all job of furnishing and maintaining service to the com-

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[1] All names have been disguised.

pany's customers and was required to work very closely with all the other departments.

The commercial department, for example, accepted all the customers' orders for telephone service and relayed them to the test group, which determined whether or not the necessary telephone facilities were available. If facilities were available, the test group assigned those to be used. After the assignments were completed, the test group sorted out the orders and assigned them to the outside workmen for completion. These workmen were supervised by outside foremen, but because the workmen were motorized and worked at scattered locations throughout the district, they saw their respective foremen only in the morning or in the evening at the garage or when their foremen made periodic visits to their jobs. On a routine job the test group determined which workman should handle the order and sent it along to him at the garage. Also, when a workman had no further work assigned or needed assistance, he called the test group; the test man to whom he talked in turn relayed the information to Mr. Scott. If it was a case of needing additional work, the test man, at Mr. Scott's direction, assigned him an order to complete. When a workman needed assistance, if his outside foreman were available, the question was referred to him, but otherwise Scott handled the situation. The test group also notified the outside installation and maintenance foremen of any special jobs so that material could be ordered and surveys made.

This test group also received all reports of telephone trouble relayed from customers and made tests to determine the nature and location of the trouble. If the trouble was in the central office, the group referred it to the inside maintenance men, and if it was outside the central office, the group gave it to outside workmen to clear up. The group also worked closely with the traffic department, notifying them when the outside workmen had completed a customer's order and service was ready for use, or when service was disconnected. The construction department employees also had many contacts with the test group in the course of making tests on new construction work and in effecting rearrangements of existing construction. In many ways the test group was directly responsible for the efficiency of the district.

Several groups of employees worked in the test group, namely, test men, frame men, and facilities personnel. The duties of the several groups varied. For example, the frame men worked in a different room from that of the test men and the facilities personnel. Their job was

of a somewhat dirty and arduous nature as they were required to work on rolling ladders, to handle wire, and to solder connections. On the other hand, the test men were seated at a test board which ran along one side of the room. Most of these men had been outside workmen who had been promoted to test men as technical experience was usually a prerequisite for this job. The work of the test men was generally considered to be quite desirable as it was felt to be almost a "white collar" job. The test men spent most of their time talking to outside workmen over the telephone, making tests for them, and dispatching or completing orders. The facilities personnel were in the same room but seated at desks some distance from the test board. In this group, all the personnel were women, with the exception of one facilities man. The facilities personnel assigned facilities to customers. Mr. Scott's desk was also located in this group.

The district organization as set up had been in effect since 1935, the only change being the removal in 1943 of Mr. Scott's group from the supervision of the district foreman, Mr. Harold Green, to the direct supervision of the district maintenance superintendent. Between 1935 and 1943, the test group had experienced considerable growth and expansion, as had the entire company.

Paul Scott, the chief test man, had been sent to Jonesville in 1935, and when placed in his assignment, was given instructions, according to his own statement to Hall, "to clean the place up and put it on a working basis." On several occasions, he had remarked that when he took over the job, he felt that the group was inefficient, overcrowded, and overmanned, and that previous supervision had been loose and lackadaisical. Ralph Hall and others thought that Scott was very well equipped with experience for his assignment, as he had supervised the facilities assignment for three years in another district, and had been a workman in both the inside and outside maintenance forces. He was 32 years old and had had 13 years of service with the company when he was given this assignment. He entered the job with apparent enthusiasm, and reorganized the test group, introducing efficient and modern methods. The operating data for the Jonesville district showed steady improvement and soon rated among the best in the company.

To Mr. Hall, Paul Scott appeared as a rather quick-minded individual who, because of his knowledge and experience, was able to see through problems very quickly and oftentimes became impatient with others because they could not understand the problem as speedily

as he could. Scott was an only child, and according to his own statement, his father was the only person who had ever understood him. His wife was an employee of the commercial department.

During World War II the work in the test group was on an ordinary level, without much pressure. Shortly after V-J Day, however, a tremendous expansion in construction work was started by the Grayson Company in an attempt to supply customers on the waiting lists with service. This increase in construction jobs had its effect on the volume of work handled by the test group.

During the early part of this expansion program. Mr. Hall had been appointed district maintenance superintendent. He had been on the job only a short time when he began to hear complaints from various sources about the way in which the test group was being operated. He himself noticed on his regular visits to the test group that there appeared to be some unrest and under-currents among the workers of the group. In talking with various employees, Mr. Hall got the impression that Mr. Scott ruled his men with an iron hand. Scott had designated one test man as an unofficial assistant. It seemed to Hall that Scott and this "assistant" were making too many of the decisions; he thought that many of these decisions should be handled by the test men themselves. Hall believed that the other test men did not like this procedure and that they felt they should be permitted to assume authority and accept responsibility.

On the basis of further investigation, Mr. Hall deduced that shortly after the change in the personnel of the organization back in 1939, some friction had started to develop in the group. At that time higher management decided to substitute women for men in the facilities work, with the exception of one facilities man who was retained to care for the more complicated problems.

It appeared to Hall that Scott resented the introduction of women into his group, and he—Hall—recalled several instances which seemed to bear out this belief. In one case a female employee who had been doing a good job became quite upset emotionally, lost considerable time, and finally asked for a transfer to another job, complaining of mistreatment. In another case, a girl who was a very high-grade employee and eventually became the union representative for the group, started to complain about Scott's treatment of the women in the group. In some cases, Hall concluded that she was distorting the facts. Again, when it was necessary to add employees, principally women, to cope with the increasing work load, Mr. Scott appeared to be very reluctant

to do so; he said that such a procedure would not do any good. He complained that he would just about get them trained when they would leave.

Several other occurrences also came to Mr. Hall's attention. On one occasion, the general staff of the home office had developed a plan to handle a maintenance problem and had sent out instructions covering the details of the operation. Mr. Scott, however, did not agree with the method set up by the general staff and devised a plan of his own which he put into operation, without approval of either the general staff or district maintenance superintendent. Shortly thereafter, the outside foremen began to complain that their men were being used very inefficiently. Since Scott's program had been started, however, it seemed to Hall that it was impossible to make a change in the midst of it. From the sole viewpoint of the test group, Mr. Scott's method was the easiest way to do the job, but this fact was not, in the opinion of Hall and others, true of the other groups involved.

Mr. Hall also found other occasions when it seemed that Mr. Scott was not cooperating well with the outside foremen. When something went wrong, Scott always seemed to know the right answer and criticized the other foremen as being inefficient or not knowing their jobs. In any argument as to the correct practice to be followed, it seemed to Hall that Scott was usually correct. On various occasions the outside foremen complained that Scott countermanded orders they had given to their subordinates. For instance, one foreman had instructed a workman not to work overtime on a particular job; nevertheless, when the workman called the test group at the end of the day and reported that the job had not been finished, Scott ordered him to stay on the job and complete it before he left.

The construction department also complained that the test men were giving preference to the installation and maintenance men when they called in for tests, thus compelling the construction men to wait. When the construction department complained of this to Mr. Scott, his reply was that if the construction people laid out their work and planned efficiently and gave him time to prepare, there would not be any delay. Hall believed that everyone felt Scott knew his own job thoroughly but did not understand the problems of the outside groups because of lack of adequate field experience.

In talking to the man who had preceded him as District Superintendent of Maintenance, Mr. Hall learned that a number of years previously the outside foremen had gotten together and called upon the

man who was then superintendent to complain about Scott. That superintendent, however, was unsympathetic and had dismissed them with the statement that Scott was doing the job the way it ought to be done, and that he had full confidence in him.

Mr. Hall also talked to his own superior in the home office and found that he considered Scott to be one of the best chief test men in the company. Hall's supervisor felt that Scott had all the technical qualifications necessary for promotion; he recognized, however, that there was some friction in the group; he also felt that Scott had been in that particular assignment too long.

When the superintendent of maintenance for a small adjacent district was assigned temporarily to a different job, Mr. Hall thought it would be a good opportunity to observe Mr. Scott under a change of circumstances. He therefore arranged for Scott to take over this other job for three months, with the understanding that Scott would return to his old assignment, as chief testman in the Jonesville district. During the period that Mr. Scott was in the temporary assignment, there was no indication of friction between Scott and others. In this assignment, Mr. Scott had under his supervision a central office maintenance force, an outside maintenance and installation force, and a test group.

In the meantime, Mr. Hall assigned one of the outside foremen to supervise Mr. Scott's group in Jonesville. During this time, things appeared to run smoothly in the group and no complaints were heard from the other departments. After Scott had returned from his temporary assignment, Hall overheard one of the outside foremen remark: "I wish Scotty had stayed on that temporary job. Now we'll have to put up with him again!"

QUESTIONS

1. What problem or problems do you see in this situation?
2. What, if anything, should Mr. Hall do about this problem or problems? Mr. Hall's superior in the home office?
3. What do you think of the diagnosis made by Mr. Hall's superior? Is this diagnosis a useful basis for administrative action?
4. On the basis of the ideas and actions revealed in this case, what judgments do you reach concerning the administrative capacities of Ralph Hall, Paul Scott, and Hall's superior?

From the Introduction to Henry Taylor's *THE STATESMAN**

by

HAROLD J. LASKI

How important were the subordinates of a Minister Sir Henry Taylor had fully realised; for he pointed out that the main task of a Minister is their skillful use. "Wise men have always perceived," he says, "that the execution of political measures is in reality the essence of them." The true government of a state, indeed, almost always lies in the hands of its administrators; and the effective minister is less the person who endeavours himself to make a policy than to utilise the ideas the long experience of his subordinates will place before him as avenues of possible choice. That function was put bluntly by Sir William Harcourt in an admirable sentence. "Political heads of departments are necessary," he said, "to tell the civil service what the public will not stand."

. . . . . .

Upon the method of doing business Bagehot's prescription still remains the essential truth: that the statesman's real task is less to do it than to see that it is done. A statesman who tries to interfere in detail in the administration of his department would soon be overwhelmed. His business is to see that only essential matters are brought to him, and his most valuable quality is the art of picking those subordinates who can be relied upon only to bring him the essential matters.

. . . . . .

Perhaps the most real distinction between statesmen lies in their attitude to business. The man whose appetite for power is exhausted by pleasure in minutiae, especially those attended with publicity, is a real type, and a public nuisance. He is always communicating with private individuals or with the press. He is constantly making public speeches filled with announcements about "my office" and "my obligations to the country." He is an invariable attendant at the social functions of his

* Originally published in London, 1836, and reprinted by W. Heffer & Sons, Limited, Cambridge, England, 1927. Reproduced by permission of Professor Laski and the publishers.

party. He has a passion for receiving deputations. But he has never time to think out an ample programme for his department. He can never even bring himself to pass the non-party measures which his predecessors have left in the files; for that would involve the admission that he is not the sole begetter of policy.

The other type is, of course, more rare. He brushes aside all the accidental trappings of office. He sits down at the outset of his official career to think through a policy. He knows broadly what his colleagues are doing, and can speak in the cabinet with the conviction that comes from acquaintance with the facts. He impresses his subordinates with his own sense of the bigness of the task upon which they are engaged. Because he is open to their suggestions, he gives them the sense of being colleagues instead of servants. Of one such contemporary minister it was said to me by an eminent official that his mere entrance into a department increases its zeal by 10 per cent. For his subordinates knew that he would want ideas and they were quickened with the knowledge that he would drive through the plans they conceived.

THE LANCASTER MACHINE WORKS, INC. (A)*

The Lancaster Machine Works, Inc.,[1] founded in the nineteenth century, produced a variety of precision-engineered products widely and favorably known for the technical excellence of their design and manufacture. The large majority of the company's products consisted of machine parts and subassemblies which were sold to other manufacturers of "end items" used by individual consumers, business firms, institutions, and public agencies. In recent years, the company had achieved a considerable growth. This expansion had come about in several ways: increasing sales of established products, successful introduction and promotion of new products, and expansion into overseas markets. About three years ago, the company merged, through the exchange of common and preferred stocks, with the Midland Manufacturing Company.

Midland, also a long-established company of excellent technical reputation, produced a line of "end-item" equipment which complemented the Lancaster line, incorporating, as it did, a number of component parts and assemblies of the general sort made by Lancaster. In point of fact, Midland, for many years, had been one of Lancaster's largest customers, and Lancaster had been one of Midland's largest suppliers. In the years prior to the merger, the dollar sales volume of Lancaster Machine Works had been about twice as large as that of Midland (see Exhibit 1).

The ratification of the merger, when proposed to the stockholders of the two companies, had been urged by the two respective managements largely on the ground that this step would strengthen materially the positions of both organizations. It had been argued that important competitors of Lancaster had been "integrating forward," with more of them entering the end-products markets, frequently in direct or indirect competition with Midland, while traditional competitors of

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[1]All names have been disguised.

Midland had been "integrating backward" to produce their own parts and subassemblies. Both tendencies, it was said, threatened both companies, and the merger was portrayed as a device for protecting the respective market positions of the two organizations.

The proposed merger was ratified by the stockholder groups of both companies, and the common and preferred stockholders of Midland Manufacturing received, respectively, common or preferred stock of Lancaster Machine Works, Inc.

Following the merger, the board of directors of Lancaster Machine was increased from 12 to 16 members, 4 members of Midland's former board being elected to the enlarged Lancaster board. The chairman of the former Lancaster board became chairman of the new board; the chairman of the former Midland board became vice-chairman. The former president of Lancaster remained on as president of the enlarged company. The former executive vice-president of Lancaster was given the title of "senior vice-president" and was also appointed to be "president" of what came to be called the "Lancaster" Division. The former president of Midland was appointed "president" of what came to be called the "Midland" Division.

Prior to the merger, both management groups had expected that, while such matters would be settled satisfactorily in due course, the processes of relating and meshing the two organizations into a unified company would present numerous problems both of organization structure and of personalities. It was anticipated that such problems, whatever they might turn out to be, would have to be dealt with over a period of time and as circumstances permitted or required.

Prior to the merger, Lancaster Machine had been organized into four principal divisions, each under the direction of a vice-president: Research, Production, Sales, and International. The company's home office at that time, along with its research installation, and principal plant was located in Connecticut. One smaller plant was located in New Jersey and another was in Maryland. Located at the home office, in addition to the president, executive vice-president, and the vice-presidents in charge of research, production, and sales, were also a financial vice-president (to whom reported the treasurer, the controller and the manager of the International Division) and the general counsel, who was also a vice-president (to whom reported the chief attorney, corporation secretary, the director of public relations, and

the patent counsel). There was also a director of personnel and industrial relations who reported to the president.

Prior to the merger, Lancaster's International Division, the offices of which were located in New York City, was responsible for all overseas operations with the exception of those of the Canadian subsidiary which carried on all activities in Canada. The president of that subsidiary reported directly to the president of the company. The general policy of the Lancaster Company had been to minimize capital investment abroad. Accordingly, with the exception of Canada, the company promoted its foreign sales through the use of foreign distributors, American exporters, and by direct sale to large overseas customers. The company had enjoyed cordial and profitable relations with a number of its foreign distributors for many years. The company also licensed certain foreign companies to use its patents. The annual royalties from these patents were considerable.

The Midland Manufacturing Company was organized along generally similar lines, although the details and nature of its organization divisions reflected the fact that its products were end-items rather than parts and assemblies to be sold to other manufacturers. Midland, like Lancaster, had also been active in foreign markets. Overseas sales of each company ran from one fifth to one fourth of total sales annually.

In its foreign operations, Midland had followed a policy different from that of Lancaster: Over the years the company had built several manufacturing plants and had established a number of wholly owned sales and service agencies in foreign countries. Only in a limited number of small overseas markets did it sell through local distributors. All of Midland's international operations had been under the direction of the vice-president in charge of its International Division. The headquarters of this division were located at the general offices of the company in Boston.

Immediately following the merger, a Consolidation Committee was formed, composed of selected members of the former managements of both companies, to work out the organizational and procedural details for bringing the workings of two firms together. During the next few months, this committee gave its attention to integrating domestic operations. Foreign operations were left to continue as before the merger.

Most of the management and organization changes worked out

during this initial period affected certain members of the former Lancaster management; the management of the Midland Division was left largely unchanged. About three months after the merger, a series of management changes were announced: The Lancaster research vice-president was appointed technical advisor, reporting directly to the president of the company, and one of the top research men was appointed research director, reporting to the president of the Lancaster Division. The former vice-presidents in charge of manufacturing, sales, and finance continued their operations, now reporting to the Lancaster division president, as did the director of personnel and industrial relations. The general counsel, retaining all his previous functions, was put in charge of those functions on a company-wide basis, reporting direct to the president of the company.

The reason given for the delay in attempting to merge overseas operations was that domestic operations were much more important dollar-wise and so required top-priority attention. Apart from this source of delay in giving attention to the international segments of the business, a delay which was generally accepted by executives to be reasonable and necessary, there was further delay occasioned by what was described by one executive as "clashing differences in personality and operational philosophy" between Mr. Richard Clarence, the vice-president of Midland's International Division, and Mr. George Cressy, Lancaster's financial vice-president, who had been responsible for that company's foreign operations. About eight months after the merger, Mr. Clarence resigned, and about a month later, the board of directors ratified and announced the adoption of a proposal recommended by the Consolidation Committee to bring both international divisions together under a single head, Mr. Cressy.

George Cressy had been a member of the board of directors of the Lancaster Company for several years and continued in that capacity after the merger. Mr. Cressy was given the title of "president" of the International Division.

Also at that time, the former Lancaster treasurer was appointed to succeed Mr. Cressy as financial vice-president, reporting directly to the president of the company and responsible for the over-all financial operations of the enlarged company. The former Lancaster controller was appointed company treasurer, reporting to the financial vice-

president. The former Midland controller was appointed company controller, reporting to the financial vice-president.

A partial organization chart of the company following these moves is shown in Exhibit 2.

During the weeks following his appointment as president of the International Division, in the words of Mr. Harry Richmond who subsequently became vice-president of the Division,[2] George Cressy "made gradual progress toward an integration of the personnel and operations previously identified with the respective parties to the merger." About five months after he became president of the International Division, Mr. Cressy published the organization chart of the Division as shown in Exhibit 3.

In thus organizing the International Division, Cressy took a step to bring together under a director of sales, James Bedford, all marketing and sales functions, along with the functions of indirect sales, pricing, advertising, promotion, and market development. Three assistant sales managers[3] were appointed, each responsible for sales in one of the three geographic areas into which overseas markets had been grouped. Also provided for in this organization were customer service activities (for technical co-operation with customers and users), overseas production operations, financial and personnel functions. Included in the Division, under Clark Ely, was the former Lancaster Foreign Licensing Department, which, in the words of Mr. Richmond, made it possible to weight foreign licensing possibilities along with export sales and oversease production potentials.

In the months that followed the publication of the Division organization chart by Mr. Cressy, Mr. Richmond later said, there was "substantial progress toward the maturing of the organization as a respected operating partner of the other two major operating units"—the Lancaster and Midland divisions of the company. Month by month, he said, "the initial emphasis given by the Division's merging factions to feeling out each other's designs, emotions, and abilities gave way gradually to cautious respect and enlightened teamwork toward conscious attainment of an integrated structure throughout the world. Offices were consolidated in New York. Abroad, some progress was made in consolidating duplicate sales and distribution facilities and sales

[2] As described below.

[3] Charles Prince, John Seymour, and William Normand.

groups. Some of the foreign plants, formerly devoted exclusively to the manufacture of Midland products, were expanded to provide for local production of selected Lancaster products. Sales volume was kept up and so was the level of profits. Within the top organization a 'status quo' was maintained temporarily to permit full attention to operational requirements."

There were instances, on the other hand, as Mr. Richmond was aware, where there were indications of confusion and differences of opinion among personnel both in the International Division and in the other divisions as to responsibilities for, and jurisdiction over, certain operations abroad. One instance of such confusion and difference of opinion concerned the establishment of a new subsidiary in "Western Rhodenya," a British Commonwealth Country [see The Lancaster Machine Works (B)].

As time went on, Mr. Cressy came to feel the need for a divisional vice-president and general manager to work under him to relieve him of detail and to take care of "over-all operational co-ordination." This feeling was accentuated with the emergence of a number of major foreign capital projects which needed to be considered, presented to the board, financed, and undertaken. Moreover, since Cressy's retirement was only a few years distant, there was also a need to provide for management succession. A general similar need had made itself felt in the two domestic divisions and, sixteen months after the merger, a vice-president and general manager was appointed for each of those divisions. John Basset was appointed vice-president and general manager of the Lancaster Division; Edward March was appointed vice-president and general manager of the Midland Division.

The position of vice-president and general manager under George Cressy was first offered to William Oakes, president of one of the former Midland foreign subsidiaries, Midland South African Corporation, who declined for reasons of health. The position was then, about eighteen months after the merger, offered by Mr. Cressy, with the concurrence of Brien Fitzgerald, to Harry Richmond. Mr. Richmond, after giving the offer some thought, agreed to take the position on a temporary basis, for a limited period of about two years, as he said, "to obtain general line-management experience."

Harry Richmond, who was about forty, had joined Lancaster after the war as general counsel. During the war, while in uniform, Rich-

mond had worked in a legal branch of one of the armed services and eventually had been assigned to work for one of the top civilians who was responsible for certain procurement and contract matters in that service. In that assignment, Richmond had become acquainted with Thomas Woodville, the chairman of the Lancaster board, who, after cessation of hostilities, had invited him to come with Lancaster. As general counsel of Lancaster Machine, with the title of vice-president, Richmond had had reporting to him the company's legal staff, the patent counsel, the corporation secretary, and the director of public relations.

Announced at the time of Mr. Richmond's appointment as vice-president and general manager of the International Division, was the appointment of Mr. Edward March to succeed Richmond with the title of administrative vice-president. Mr. March, in his mid-forties at the time of the merger, previously had been vice-president in charge of manufacturing at Midland and a member of the Midland board of directors; more recently, March had been vice-president and general manager of the Midland Division.

EXHIBIT 1

DOLLAR SALES VOLUMES

(Millions of Dollars)

Year	*Lancaster*	*Midland*
1948	$ 84.1	$ 43.2
1949	85.6	48.0
1950	115.6	50.6
1951	147.3	56.2
1952	130.0	61.9

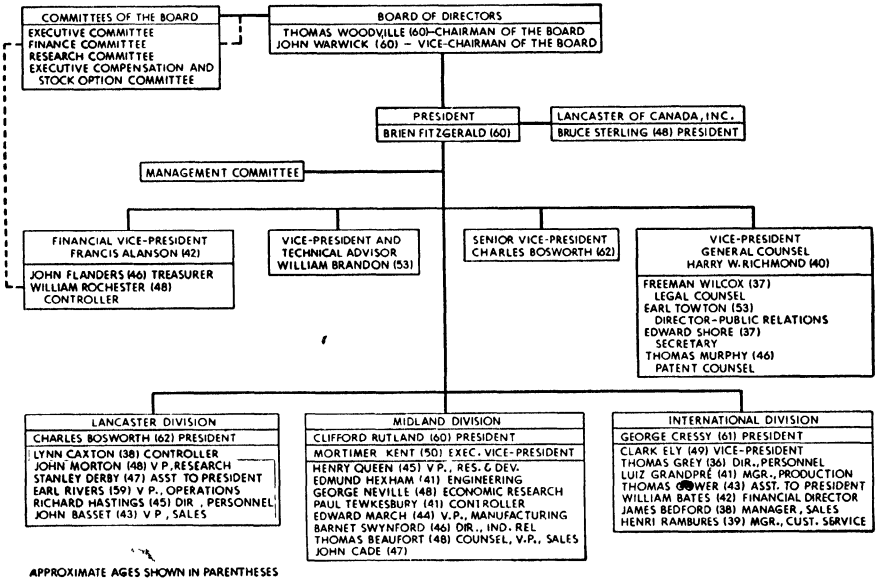
Total Sales, after Merger

1953	$ 197.0
1954	179.0
1955	193.8

EXHIBIT 2

THE LANCASTER MACHINE WORKS, INC. (A)

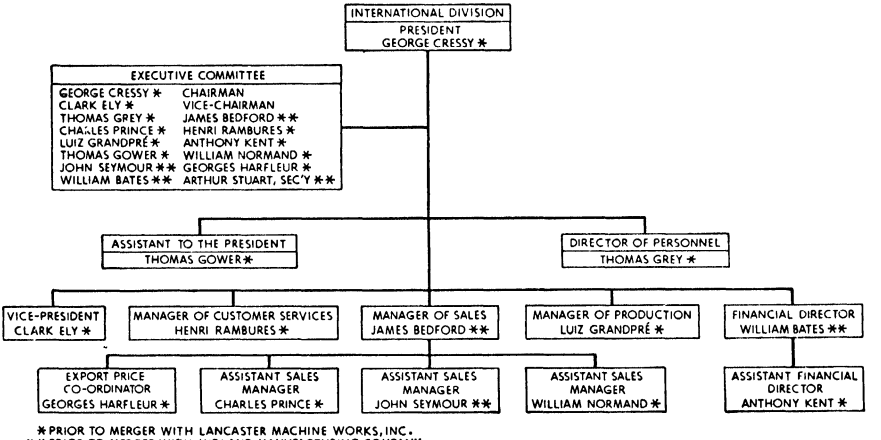
GENERAL PLAN OF ORGANIZATION



APPROXIMATE AGES SHOWN IN PARENTHESES

EXHIBIT 3

THE LANCASTER MACHINE WORKS, INC. (A)



*PRIOR TO MERGER WITH LANCASTER MACHINE WORKS, INC.
**PRIOR TO MERGER WITH MIDLAND MANUFACTURING COMPANY

BENJAMIN FRANKLIN PRESENTS A MOTION TO THE FEDERAL CONSTITUTIONAL CONVENTION*

MR. PRESIDENT:

The small progress we have made after 4 or five weeks close attendance & continual reasonings with each other—our different sentiments on almost every question, several of the last producing as many noes as ays, is methinks a melancholy proof of the imperfection of the Human Understanding. We indeed seem to feel our own want of political wisdom, since we have been running about in search of it. We have gone back to ancient history for models of Government, and examined the different forms of those Republics which, having been formed with the seeds of their own dissolution, now no longer exist. And we have viewed Modern States all around Europe, but find none of their Constitutions suitable to our circumstances.

In this situation of this Assembly, groping as it were in the dark to find political truth, and scarce able to distinguish it when presented to us, how has it happened, Sir, that we have not hitherto once thought of humbly applying to the Father of lights to illuminate our understandings? In the beginning of the Contest with G. Britain, when we were sensible of danger, we had daily prayer in this room for the divine protection. —Our prayers, Sir, were heard, & they were graciously answered. All of us who were engaged in the struggle must have observed frequent instances of a superintending providence in our favor. To that kind providence we owe this happy opportunity of consulting in peace on the means of establishing our future national felicity. And have we now forgotten that powerful friend? or do we imagine that we no longer need his assistance? I have lived, Sir, a long time, and the longer I live, the more convincing proofs I see of this truth—*that God Governs in the affairs of men.* And if a sparrow cannot fall to the ground without his notice, is it probable that an empire can rise without his aid? We have been assured, Sir, in the sacred writings, that "except the Lord build the House they labour in vain

*Philadelphia, June 28, 1787. From *The Debates in the Federal Convention of 1787 which Framed the Constitution of the United States of America,* by James Madison. New York: Oxford University Press, 1920, pp. 181-82. Reproduced by permission.

that build it." I firmly believe this; and I also believe that without his concurring aid we shall succeed in this political building no better than the Builders of Babel: We shall be divided by our little partial local interests; our projects will be confounded, and we ourselves shall become a reproach and bye word down to future ages. And what is worse, mankind may hereafter from this unfortunate instance, despair of establishing Governments by Human wisdom and leave it to chance, war, and conquest.

I therefore beg leave to move—that henceforth prayers imploring the assistance of Heaven, and its blessings on our deliberations, be held in this Assembly every morning before we proceed to business, and that one or more of the Clergy of this City be requested to officiate in that Service—

Mr. SHERMAN[1] seconded the motion.

Mr. HAMILTON[2] & several others expressed their apprehensions that however proper such a resolution might have been at the beginning of the convention, it might at this late day, in the first place, bring on it some disagreeable animadversions, in the second place, lead the public to believe that the embarrassments and dissensions within the Convention, had suggested this measure. It was answered by Docr. F., Mr. SHERMAN[1] & others, that the past omission of a duty could not justify a further omission—that the rejection of such a proposition would expose the Convention to more unpleasant animadversions than the adoption of it: and that the alarm out of doors that might be excited for the state of things within, would at least be as likely to do good as ill.

Mr. WILLIAMSON,[3] observed that the true cause of the omission could not be mistaken. The Convention had no funds.

Mr. RANDOLPH[4] proposed in order to give a favorable aspect to ye measure, that a sermon be preached at the request of the Convention on the 4th of July, the anniversary of Independence; & thenceforward prayers &c. be read in ye Convention every morning. Dr. FRANKn [seconded] this motion. After several unsuccessful attempts for silently postponing the matter by adjourng, the adjournment was at length carried, without any vote on the motion.

man from Connecticut.
Hamilton from New York.
lliamson from North Carolina.
Randolph from Virginia.

THE LANCASTER MACHINE WORKS, INC. (B)*

About 14 months after the merger of The Lancaster Machine Works[1] and the Midland Manufacturing Company, and about three months after the establishment of the International Division, Mr. David Jenkins, an attorney with the legal division of Lancaster Machine Works, Inc., was sent on a temporary mission to one of the countries of the British Commonwealth, which may be called "Western Rhodenya." His assignment there, he was told by Freeman Wilcox, the Lancaster legal counsel, was "to provide legal assistance in connection with efforts of the International Division of the company to set up a new local wholly owned manufacturing subsidiary and to arrange for new office and warehouse space for it." It was planned that the new subsidiary would expand immediately the sales, warehousing, and service activities as soon as a producing plant could be erected and equipment installed. Jenkins was told by Mr. Wilcox that he was to serve the International Division representatives on the local scene as a staff legal advisor, and that he was to proceed to set in motion all actions necessary to bring into being and get under way the new subsidiary in the legal form which had been tentatively agreed upon in the company's home offices in Connecticut and in the International Division's headquarters in New York City. The legal form for the projected subsidiary had been tentatively agreed upon after a lengthy evaluation of alternatives.

A partial organization chart of the company as of that time is produced in Exhibit 1. Jenkins and Wilcox agreed that Jenkins should maintain periodic communications with Wilcox to inform him of progress and to notify him of any changes from the legal form which it was proposed that the subsidiary would take.

After arriving in "Western Rhodenya," Jenkins proceeded with his assignment assisted by local legal counsel in that country; Jenkins

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[1]All names have been disguised.

worked in close co-operation with the local sales branch manager, Mr. Stanley Livingston, and the manager of production from the International Division headquarters staff, Mr. Luiz Grandpré, who was there in connection with the planning for the manufacturing facilities of the proposed subsidiary. From time to time, Jenkins received cabled and memorandum instructions from the president of the International Division in New York. Sometimes these messages required that he make changes in the plans which Jenkins had understood had been agreed upon before he left New York; sometimes he was instructed to delay his work pending further instructions. Occasionally, these instructions changing the plans ran counter to the course he thought was proper on the basis of his own judgment or knowledge of prevailing local circumstances.

Jenkins discussed these communications from New York and other changes in plans with the divisional manager of production and the local branch manager. The manager of production, Luiz Grandpré, told Jenkins, that, because of his functional responsibility for technical production processes, he considered himself to be the individual in charge of the local subsidiary project during its planning and preparatory stages. However, since the local branch manager, Stanley Livingston, was well acquainted with local officials and had been told—so he informed Jenkins—that he was to become the general manager of the new subsidiary, Jenkins gradually came to look upon him as the person with local line authority for the undertaking. The "lawyer-client" relationship, as Jenkins later spoke of it, between himself and Livingston became even more pronounced after Grandpré was called to London on other business.

The pressure of local circumstances and events sometimes led Jenkins and Livingston to make decisions which ran counter to instructions from New York. However, their actions generally conformed with the plan given Jenkins before he left the United States as the basis for his assignment in "Western Rhodenya."

On two or three occasions, Jenkins wrote to Wilcox informing him of the progress that was being made. He told him of the communications he had received from New York. Jenkins also informed Wilcox that he was generally inclined to give some heed to these additional instructions if they seemed reasonable to him and were not in conflict with the understanding he had with Wilcox before leaving the United

States. Wilcox once replied, expressing general agreement with what Jenkins was doing.

In due course, Jenkins returned to New York. Upon arriving back in his office and after giving his report of what had been done, he was much disconcerted to find his actions in "Western Rhodenya" and his report under some attack. Some of the controversy involved a basic disagreement on the part of the president of the company and certain other executives in the "Lancaster" Division of the company (which produced machine parts and subassemblies for sale to manufacturers) and the "Midland" Division (which produced end-items for sale to consumers) concerning the legal form of the subsidiary which, Jenkins had understood, had been generally agreed upon in the beginning. Some of the criticism from these quarters was directed at the name chosen by Jenkins and Livingston for the subsidiary.

Some of the criticism directed at Jenkins came from executives within the International Division and concerned specific actions he had taken to put into effect the general plan they had originally agreed upon. For example, the manager of sales, James Bedford, criticized the actions taken by Jenkins and Livingston to arrange for new warehouse and office space for the subsidiary without his approval. Luiz Grandpré, the Division's manager of production, who by this time had also returned to the United States, criticized Jenkins for making these arrangements without getting *his* approval. Grandpré told Jenkins that, since he, the manager of production, was responsible for manufacturing facilities and processes used abroad, any arrangements for the subsidiary should be cleared with his office to assure "proper co-ordination with the new manufacturing facilities his office was planning for operation in 'Western Rhodenya.' "

Just at this time, Jenkins received a cable from Stanley Livingston stating that he, Livingston, and the owners of the office and warehouse facilities which he and Jenkins had agreed were desirable for the proper establishment of the new subsidiary, were now ready to negotiate a lease on the terms and conditions Jenkins had advised were proper. Livingston asked whether it was all right to go ahead and negotiate and to sign the lease.

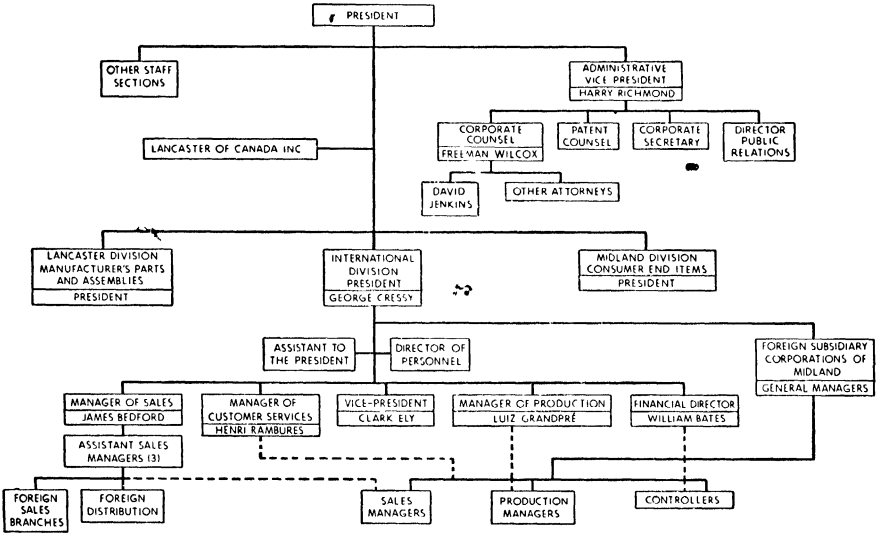
Jenkins wondered what action to take. It seemed to him that giving Livingston instructions to go ahead, cabling Livingston in the affirmative, would be an entirely proper extension of the advisory

responsibility assigned to him in connection with his mission to "Western Rhodenya." He did wonder, however, whether, perhaps, he should get Grandpré's approval before doing so.

EXHIBIT 1

THE LANCASTER MACHINE WORKS, INC. (B)

PARTIAL ORGANIZATION CHART*



*As of 14 months after merger of Lancaster and Midland, and about 3 months after the establishment of the International Division.

From *CRUSADE IN EUROPE**

by

DWIGHT D. EISENHOWER

At times I received advice from friends, urging me to give up or curtail visits to troops. They correctly stated that, so far as the mass of men was concerned, I could never speak, personally, to more than a tiny percentage. They argued, therefore, that I was merely wearing myself out, without accomplishing anything significant, so far as the whole Army was concerned. With this I did not agree. In the first place I felt that through constant talking to enlisted men I gained accurate impressions of their state of mind. I talked to them about anything and everything: a favorite question of mine was to inquire whether the particular squad or platoon had figured out any new trick or gadget for use in infantry fighting. I would talk about anything so long as I could get the soldier to talk to me in return.

I knew, of course, that news of a visit with even a few men in a division would soon spread throughout the unit. This, I felt, would encourage men to talk to their superiors, and this habit, I believe, promotes efficiency. There is, among the mass of individuals who carry the rifles in war, a great amount of ingenuity and initiative. If men can naturally and without restraint talk to their officers, the products of their resourcefulness become available to all. Moreover, out of the habit grows mutual confidence, a feeling of partnership that is the essence of *esprit de corps*. An army fearful of its officers is never as good as one that trusts and confides in its leaders.

* New York: Doubleday & Co., Inc., 1948, p. 314. Copyright 1948 by Doubleday & Co., Inc. Quoted by permission of the publisher.

From *POPSKI'S PRIVATE ARMY**

by

VLADIMIR PENIAKOFF

Improvisation and dash are foreign to my nature, unknown risks make me uncomfortable: I am never so happy as when I can spend my time making cautious preparations. Slow and unhurried, I have of course many times deliberately let golden opportunities slip by, unused, because I didn't feel ready for them; but, on the other hand, every one of my enterprises has had some measure of success, and my losses have always been low and easy to make good.

A set plan, worked out to minute details is not what I mean by preparedness: on the contrary, there is no more formidable obstacle to success. What I like to do is to go myself beforehand over the country and get the feel of the plains, the mountains and the valleys; the sand, the rocks, and the mud. At the same time, I listen to the local gossip, find out who commands the enemy and what are his pastimes—who my friends are and how far they are prepared to help me and what are the presents that will please. Then, when I come back later with my men to carry out my evil schemes, I can let the plan take care of itself. If I have got a picture in my mind of the general conditions and a clear view of what I want to achieve, if I know roughly what there is over the next hill and the one after, I needn't worry; a workable plan of action will present itself to my mind when required—with no painful striving.

* New York: Thomas Y. Crowell Co., 1950, p. 8. Reproduced by permission.

EDITORIAL NOTE BY J.D.G. AND R.M.H.—Lieutenant Colonel Peniakoff, who was generally known as "Popski," commanded a unit of the British Army in North Africa and Italy, 1940–45, consisting of 5 officers, 18 enlisted men and 6 vehicles. It raided primarily behind enemy lines, so far from its base command that it operated virtually on an independent basis.

THE LANCASTER MACHINE WORKS, INC. (C)*

Within a few days after Mr. Harry Richmond[1] assumed his position as vice-president and general manager of the International Division of The Lancaster Machine Works, Inc., Mr. George Cressy, president of the Division called a meeting of the Division's Operating Committee in order to introduce Mr. Richmond formally in his new capacity. Mr. Richmond had told Mr. Cressy that he would like to make some remarks, which he outlined, to the Committee concerning organization structure and management philosophy. Cressy gave Richmond full approval to do so.

Harry Richmond had been much impressed by the management philosophy he often had heard expressed by one of the members of the Lancaster board. On one occasion, this board member had addressed a letter setting forth some of his management philosophy to Brien Fitzgerald, president of Lancaster. This letter had formed the basis of a memorandum which the president had soon circulated to members of the management and which had been incorporated in the company's organization manual (see Exhibit 1).

At the meeting of the International Division Operating Committee, Richmond presented his views on the future organization of the Division together with some general remarks expressing a management philosophy along the lines of that set forth in Exhibit 1. He proposed that a study should be made immediately to develop an organization structure and an active program of management development which would make possible reasonable attainment of the following objectives:

1. Development of more people in the Division for general management responsibilities;

2. Clarification of line and staff responsibilities so that everyone knows what is expected of him and has a reasonably good chance of fulfilling that expectation;

3. Practical decentralization of authority and responsibility for general management so that problems in their entirety can be decided as close as possible to the scene of action.

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[1]All names have been disguised.

Mindful, as he later said, of the "need for immediate, purposeful action in view of the temporary nature of my appointment and the urgent necessity of developing candidates for early succession to Mr. Cressy's position and mine," Richmond, with Cressy's concurrence, devoted the major part of his time during the next few weeks to the reorganization study he had proposed. He spent considerable time talking with members of the Division Operating Committee. In due course, he proposed to Mr. Cressy, and Cressy agreed, that "the total line of authority," below the president and vice-president of the division, for sales and foreign operations be placed in three positions filled by men with the titles of "general managers." These general managers would be responsible for the conduct of all business in each of three specified geographical areas: Latin America, Europe, including North Africa and the Near East, and South Africa and the Far East. Mr. Richmond drew up a proposed new organization structure as shown in Exhibit 2.

This projected "three-area line organization structure" was then first discussed by Messrs. Cressy and Richmond with Mr. James Bedford, manager of sales, and Mr. Luiz Grandpré, manager of production.[2] Each man was invited to choose whether he desired one of the proposed area line positions or to assume one of the proposed staff positions "from which the line would draw specialized functional services." Mr. Grandpré, asked to be named area general manager for Latin America. Mr. Bedford asked to be appointed as director of sales services.

After consulting with Messrs. Bedford and Grandpré and with Mr. Thomas Grey, director of personnel, Cressy and Richmond selected Mr. Charles Prince and Mr. John Seymour to be the area general managers, respectively, of the South African-Far Eastern and the European areas. Cressy and Richmond then selected the executives to fill the remaining staff positions.

The area general managers were told by Richmond that they were to have "ultimate firing-line authority, within the Division, for action of any kind in their respective areas," and were given full authority to organize line assignments below their own level. Also, together with Thomas Grey, the three area general managers were given the initial responsibility for recommending the delineation and allocation of the

[2]See The Lancaster Machine Works (A), Exhibit 3.

staff functions of the Division, including the marketing, financial, customer service, and licensing functions. Together, they resolved their sometimes conflicting desires and, in due course—after about a month —the four men agreed upon the organization structure portrayed in Exhibit 3.

In giving responsibility for participating in the delineation of the remainder of the organization structure to the area general managers, Mr. Richmond had a definite purpose in mind. In the course of carrying out this assignment, the area general managers, according to Richmond, were "forced to consider how to clarify the organization of the staff functions so as to do away with the sources of jurisdictional problems that had thwarted more effective progress and performance on many occasions since the inception of the International Division over a year before."

There were a number of organizational difficulties which, as Richmond emphasized in talking with the area general managers, had to be guarded against: "Usurpation of line authority by staff agencies, interference in the field by specialists from other divisions who were sent on overseas assignments, and the taking for decision outside the Division matters which might, and sometimes did, adversely affect the Division. At the same time, it was necessary not to complicate the organization unduly nor to give offense to other people in the company or to cause them to be other than co-operative."

In line with these ideas, for example, the roles of Mr. Rambures' customer services organization and the way in which the technical engineering and production people, and applications engineers from the domestic divisions would be administered while on assignments involving the International Division, were set up after consultation and agreement between representatives of the International and the other divisions. Similarly, the relationship between the foreign licensing activities of the staff vice-president, Clark Ely, and the jurisdiction of the area general managers for the conduct of license contract negotiations and administration within their areas was given considerable thought and "operating philosophies and procedures" were worked out to govern these functions.

It was also considered necessary by Harry Richmond to gain the understanding and co-operation of some of the principal executives who were abroad at the time, and to obtain their suggestions before the

proposed changes were fixed and put into effect. Accordingly, for example, Mr. Bedford flew to London to discuss with Mr. William Normand the effect of the new organization upon their respective positions. Mr. Grandpré, visited the Argentine subsidiary in Buenos Aires "to lay the groundwork" for the transfer to that company of Mr. Thomas Gower who had been assistant to George Cressy. The purpose of the transfer was to provide Mr. Gower with additional experience. Mr. Rambures, slated to be director of customer services, being abroad, he was informed by letter of the new responsibilities being considered for him in the new organization structure so that he would be able to discuss the matter with Mr. Richmond when he returned to New York.

After the various executives concerned had been informed and were in agreement, Mr. Richmond made a presentation of the proposed reorganization to the company's management committee, which consisted of the principal line and staff executives of the company, so that they might comment before the reorganization was announced. Following that meeting, the organization chart was published accompanied by the letter reproduced in Exhibit 4. Copies of the letter and chart were widely distributed within the International Division and sent to key people in the other divisions.

In promulgating the new organization structure, Mr. Richmond informed all key executives in the International Division that "the new structure and their own performance was on trial for the next six months." He also informed them that no final position descriptions or salary actions, which, by company practice, were ordinarily called for when such reorganizations were put into effect, would be made during the next six months except where absolutely necessary.

EXHIBIT 1

LANCASTER MANAGEMENT FUNDAMENTALS

OBTAIN GOOD MEN

The first principle of management of a complex affair is to have good men about.

DELEGATE EFFECTIVELY AND CLEARLY

The next principle is that one must delegate effectively. One part of the art of delegation is that it must be clear cut. Every man must know exactly his duties and responsibilities, must have precisely defined authority, must know to whom he is responsible, and his correct relation with those on his own level.

SUPPORT DECISIONS OF SUBORDINATES

When one delegates he must back up. When one places in the hands of a subordinate the authority to make a decision, that decision should be reversed only very rarely and under the most extraordinary conditions. When one leaves to a subordinate the decision on a matter and a decision has been made by him and become known, that subordinate's judgment must be taken and used even if one thinks it is wrong and that a mistake has been made, and the decision should be reversed only when it is genuinely essential to do so in order to avert catastrophe. The guidance of subordinates should be by teaching them to know and follow the chief's policies and thoughts, not by interfering with their operations.

THE CHIEF MAY TALK TO ANYONE

Throughout an organization the contacts of the chief for the purposes of information should be uninhibited, while business continues to be handled in channels. In particular, every man in the organization should feel he can take a personal problem to the chief and be received sympathetically and without it backfiring on him. This is possible only if lines of authority are so clear cut that no one will misunderstand when the chief wanders about, for he never gives orders or butts in during such explorations.

KEEP DECISIONS DOWN NEAR THE SCENE OF ACTION

Units in an organization should be made as autonomous as the capabilities of those in charge of them will allow. No decision should ever go above the level at which there is a competent man to settle it. Units should handle all their internal affairs, and be responsible only for general results and progress. The chief should not sit in where a subordinate unit is doing business. Otherwise the subordinate won't take the full responsibility he should. Moreover, competent men do not like to be watched in detail by their chief as they proceed, for it tends to undermine their own control of their own groups.

LINE AND STAFF FUNCTIONS MUST BE CLEAR CUT

Line and staff functions must be separate and clear cut. A staff officer speaks for his chief when a decision must be made which is within the purview of no

one subordinate division. He cannot also be in the line organization. Oftentimes a one-man staff is sufficient. But he must have the confidence of his chief absolutely.

THE CHIEF'S OFFICE SHOULD BE SIMPLE

The chief's office should be simple. It should contain no function that can be placed elsewhere. Its function is to aid the chief to do his job, mainly by freeing him so that he can concentrate on important matters. Just because a function occurs in several divisions is no reason for putting it directly under the chief. For purposes of business, the chief should not have more than seven, preferably five, reporting to him. For advice and consultation, he should spread broadly. He should not be bothered with a lot of clerical or auxiliary operations in his own office.

THE CHIEF SHOULD HAVE LEISURE

The chief should have leisure. Half the contacts he makes in a day should be on his own initiative, and as he thinks through to a conclusion a really important policy or program. In pursuit of such an objective, he should be able to absent himself for days on occasion, without prior arrangement or special provision, for his organization should be such that it will run itself as far as all ordinary matters are concerned. When he is away no one should see the need to call him up unless the place burns down or the president resigns. The chief's organization should be used by him to accomplish worthwhile things. It should not use him, or weary him, or be a constant nag.

EXHIBIT 2

THE LANCASTER MACHINE WORKS, INC. (C)

PROPOSED ORGANIZATION OF THE INTERNATIONAL DIVISION

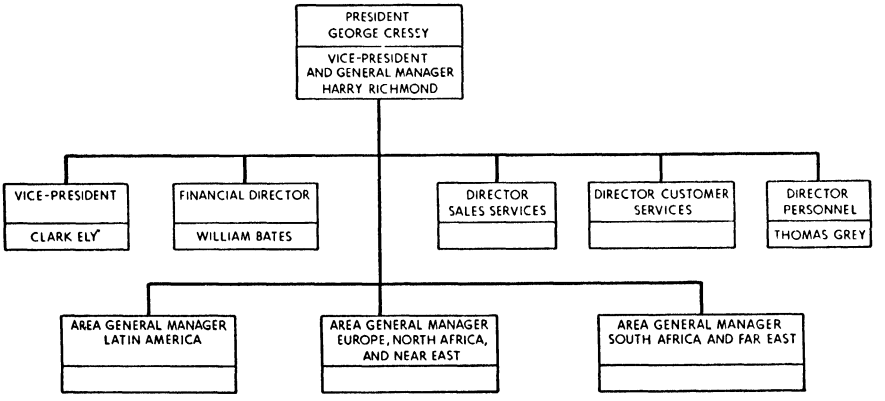


EXHIBIT 3

THE LANCASTER MACHINE WORKS, INC. (C)

REVISED ORGANIZATION PLAN
INTERNATIONAL DIVISION

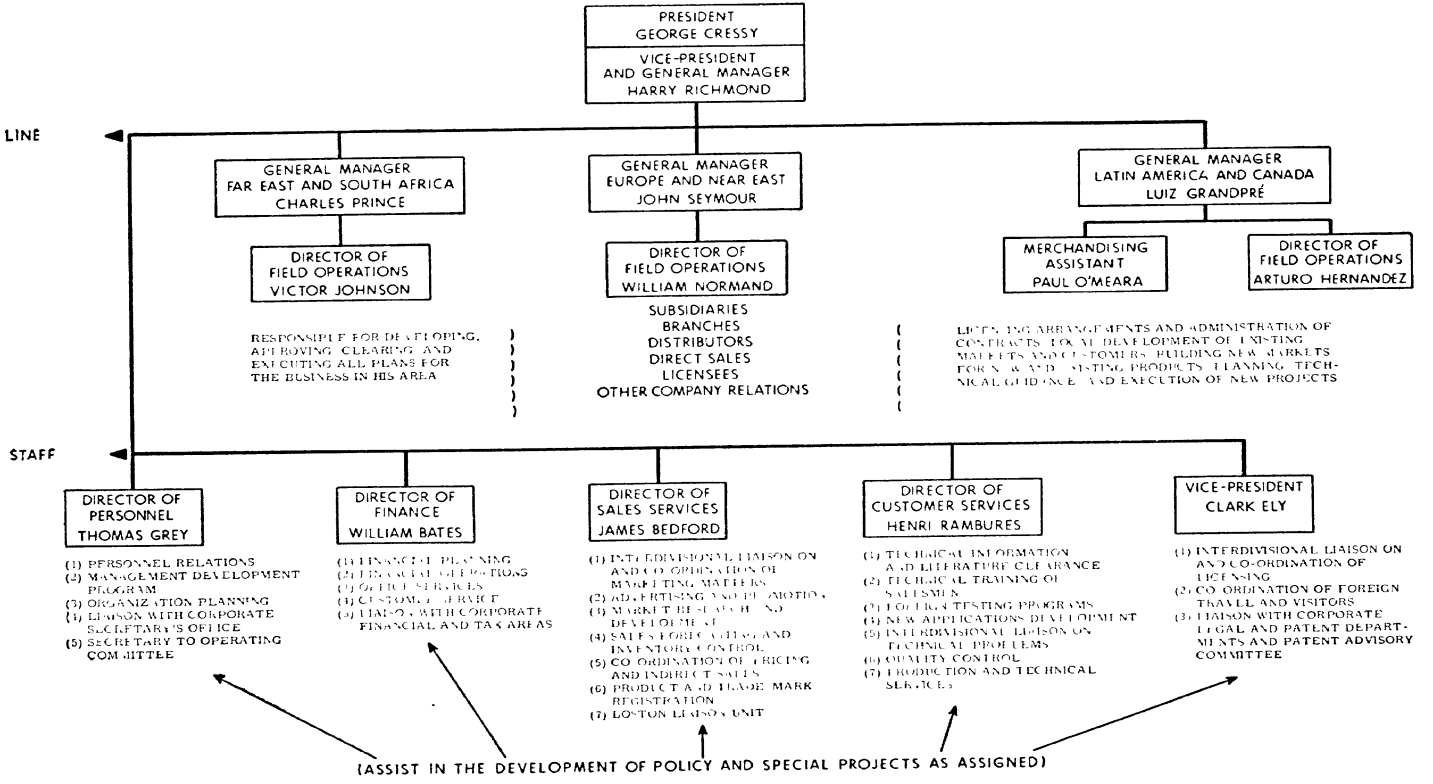


EXHIBIT 4

THE LANCASTER MACHINE WORKS, INC., INTERNATIONAL DIVISION

NEW ORGANIZATION PLAN AND ASSIGNMENTS

As a result of considerable discussion and study we have decided to put into effect immediately the plan of organization shown on the attached chart.* You will see that the changes made in our present organizational structure and personnel assignments are far reaching. You can be sure that in deciding upon these changes we gave careful consideration to their possible effects, particularly in light of the steady progress we've made since the merger. We concluded that, although we could continue to handle our day-to-day business without any drastic changes at this time, this new form of organization is desirable in order to give our key people the opportunity to develop more broadly in their business experiences, and thus help prepare them for future opportunities.

With our new organization we hope to achieve these objectives:

(1) develop more of our people for general management responsibilities;

(2) clarify the line and staff responsibilities so that everyone knows what is expected of him and has a reasonably good chance of fulfilling that expectation; and

(3) decentralize further the authority and responsibility for general management so that problems in their entirety can be decided as close as possible to the scene of action

In working toward these objectives, we have placed the decision-making authority, or line authority, in one group of three executives, each of whom will be responsible for conducting all of the business of the International Division in a specified geographical area. The staff responsibilities and the important service functions are placed with a separate group of executives whose mission is to back up, assist, support, advise, and provide needed centralized services to the line executives. We decided that Messrs. Prince, Seymour, and Grandpré should have decision-making authority and responsibility for the business of the International Division in the geographical areas shown on the chart, and they agreed to undertake the challenging responsibilities of those positions. The three of them considered and discussed with us many questions concerning the people and organizations needed to carry out their responsibilities, and to the fullest extent possible we accepted their recommendations.

Naturally, we have not attempted to show on this one general chart all of the important positions in the International Division or the names of all of the people who will play key roles in our organization. The three line executives and five staff executives who report to us will issue charts of their own organiza-

*See Exhibit 3.

tions in the near future after they work out their own plans in more detail with the people directly concerned.

We realize fully that no plan of organization can work without the wholehearted support of all the people in the organization, and we ask for your interest, enthusiasm, assistance, and co-operation in making this plan a successful reality. We have high hopes and definite ideas for the future growth of the business of the International Division, and for the development of the people in it. We want you all to participate in that "push forward" to the full extent of your capabilities.

GEORGE CRESSY
PRESIDENT

HARRY RICHMOND
VICE-PRESIDENT AND GENERAL MANAGER

P.S. We encourage you to give this information in your own oral or written words to the other employees in our Division who work with you.

From "HUMAN RELATIONS: RARE, MEDIUM, OR WELL-DONE?"*

by

F. J. ROETHLISBERGER

. . . By a principle the author [the reference is to G. E. Milward, *An Approach to Management*] means " a hypothesis which has been or can be sufficiently proved by experiment or observation to be a safe guide for action or understanding." Unfortunately these principles when enunciated become so general that they say very little about anything in particular. Mr. Milward does not go into the problem of how these principles are to be applied. For example, he enunciates a management principle, "to bring to all processes of measurement or judgment a complete impartiality," but makes no attempt at all to show how this is to be done. Nor does he show how such a principle may be compounded with other principles (e.g., "to simplify all work by the elimination of any superfluous operation, product, or record") and thus be used without conflict in handling a concrete situation.

* *Harvard Business Review.* Vol. XXVI, No. 1 (January, 1948), p. 93. Quoted by permission.

COMPLETED STAFF WORK*

INTRODUCTION

In the fall term of 1952, a first-year student at the Harvard Business School obtained a copy of a document entitled "Completed Staff Work" which he brought in to one of his professors. The student informed his professor that the document had been circulated as an attachment to the Bureau of Ships' daily administrative bulletin. Because he felt his students would be interested in discussing this document, the professor wrote to the Bureau of Ships requesting release of the use of the document for educational purposes. The reply from the Bureau was as follows:

DEAR PROFESSOR:

Your inquiry on the use of the article "Completed Staff Work" has been routed to me. As far as the Bureau of Ships is concerned, we are willing to have such use made of it, but some supplementary information on the original source and on some of the reactions we have had to its use may be of interest to you.

This article has been distributed several times with our Daily Administrative Bulletin in the last 10 years. It has also been reproduced in several naval shipyard newspapers. We believe it was originally published in the *Army-Navy Journal* sometime prior to 1943.

The distribution of this article was not intended to reflect its contents as being standard Bureau policy applicable in all Bureau organizations. We believe that considerable caution and adaptation is necessary in the application of such principles since there are many organizational situations where they cannot be applied. We have had considerable reaction from civilian engineers who feel that the principles stated in the article are in direct conflict with the "teamwork" approach which is necessary for most engineering jobs.

I hope this information may be of assistance to you.

Sincerely yours,

COMPLETED STAFF WORK

1. The doctrine of "COMPLETED STAFF WORK" is a doctrine of this office. It represents what the aim and daily motto of this office should be. Read it—Study it—and Keep it for Reference. The word

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"Chief" herein, ultimately refers in our case to the Commander of the Shipyard.

2. "COMPLETED STAFF WORK" is the study of a problem, and presentation of a solution, by a Staff Officer, in such form that all that remains to be done on the part of the Head of the Staff Division, or the Commander, is to indicate his approval or disapproval of the completed action. The words "COMPLETED ACTION" are emphasized because the more difficult the problem is, the more the tendency is to present the problem to the Chief in piece-meal fashion.

3. It is your duty as a "Staff Officer" to work out the details. You should not consult your Chief in the determination of these details, no matter how perplexing they may be. You may and should consult other Staff Officers. The product, whether it involves the pronouncement of a new policy or affects an established one, should, when presented to the Chief for approval or disapproval, be worked out in finished form.

4. The impulse which often comes to the *inexperienced* Staff Officer to ask the Chief what to do, recurs more often when the problem is difficult. It is accompanied by a feeling of mental frustration. It is so easy to ask the Chief what to do and it appears too easy for him to answer. Resist that impulse. You will succumb to it only if you do not know your job. It is your job to advise your Chief what he ought to do; not to ask him what you ought to do. He needs answers, not questions. Your job is to study, write, restudy, and rewrite until you have evolved a single proposed action—the best one of all you have considered. Your Chief merely approves or disapproves.

5. Do not worry your Chief with long explanations and memoranda. Writing a memorandum to your Chief does not constitute completed staff work but writing a memorandum for your Chief to send to someone else does. Your views should be placed before him in finished form so that he can make them his views simply by signing his name. In most instances, completed staff work results in a single document prepared for the signature of the Chief without accompanying comment. If the proper result is reached, the Chief will usually recognize it at once. If he wants comment or explanation, he will ask for it.

6. The theory of complete staff work does not preclude a "rough draft" but the rough draft must not be half-baked ideas. It must be

complete in every respect except that it lacks the requisite number of copies and need not be neat. But a rough draft must not be used as an excuse for shifting to the Chief the burden of formulating the action.

7. The "completed staff work" theory may result in more work for the Staff Officer but it results in more freedom for the Chief. This is as it should be. Further, it accomplishes two things:

a) The Chief is protected from half-baked ideas, voluminous memoranda, and immature presentments.

b) The Staff Officer who has a real idea to sell is enabled more readily to find a market.

8. When you have finished your "completed staff work," the final test is this:

a) If *you* were the Chief, would you be willing to sign the paper you have prepared?

b) Would you stake your professional reputation on its being right?

c) If the answer is in the negative, work on it further, because it is not yet "completed staff work."

9. The above applies to each individual for each of his work assignments. In pursuing an assignment, discussion of the assignment with a supervisor has a proper place. An improper application of this discussion is avoidance by the individual of the responsibility for "thinking a project through" in all its phases.

From *THEIR FINEST HOUR**

by

WINSTON S. CHURCHILL

I am a strong believer in transacting official business by *The Written Word.* No doubt, surveyed in the aftertime, much that is set down from hour to hour under the impact of events may be lacking in proportion or may not come true. I am willing to take my chance of that. It is always better, except in the hierarchy of military discipline, to express opinions and wishes rather than to give orders. Still, written directives coming personally from the lawfully-constituted head of the Government and Minister specially charged with defense counted to such an extent that, though not expressed as orders, they very often found their fruition in action.

* *The Second World War* (Boston: Houghton Mifflin Co., 1949), Vol. II, p. 17.

VANDERCOOK CHAIN STORES, INC.*

After the sudden retirement of the previous president because of a heart attack, the board of directors of Vandercook Chain Stores, Inc.,[1] brought in Mr. John Thorp to assume the presidency of the company. Mr. Thorp was regarded as an "outsider" by many of the "oldtimers" holding important positions in the company. Soon after taking over his new job, Thorp brought in Mr. Ernest Underwood to be controller. Underwood was also regarded as an "outsider" by the "oldtimers."

Sometime after Underwood joined the company, he was asked by Thorp to take charge of a study of the operation of the real estate department. The real estate department was headed by Francis Vincent, an "oldtimer." Mr. Vincent, as head of the department, had held the title of vice-president for the past ten years. The study of the operation of the real estate department was to be made by a "task force team," the members of which were to be drawn from both the controller's department and the real estate department. Vincent assigned Joseph Wilson to represent the real estate department on the "task force team." While Wilson was a younger man, he was generally thought of as being an "oldtimer." A partial chart of the formal organization of the company is shown in Exhibit 1 (p. 734).

Ernest Underwood delegated responsibility for direct leadership of the "task force team" to James Aldrich, one of his key subordinates. Aldrich was a rather quiet man, and both Thorp and Underwood had high opinions as to his ability. In addition, Underwood asked Aldrich and Willard Reed, another of his key subordinates, each to assign one man from their respective sections to the team. According to office "scuttlebut" in the controller's department, Reed was disappointed that he had not been selected for the leadership of the team. Aldrich assigned Stanley Kendrick, a recent graduate of the Harvard Business School, to the "task force team"; Reed assigned George Phillips. Stanley Kendrick and George Phillips, along with Joseph Wilson, were thus chosen to be the working members of the "task force team" constituted for the study of the operations of the real estate department. The study was to

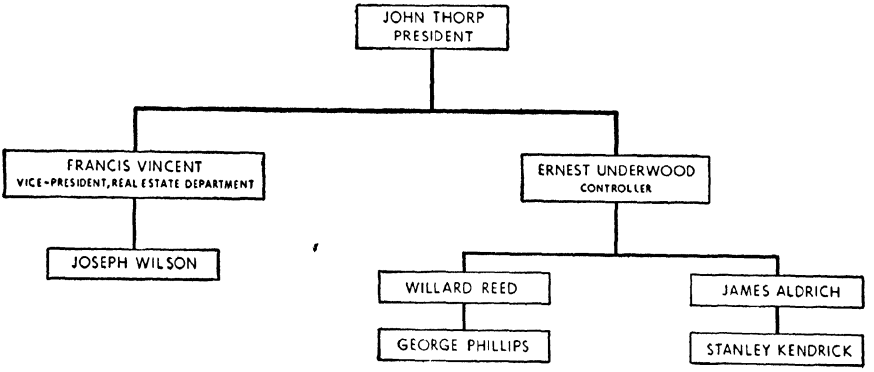
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[1] All names have been disguised.

EXHIBIT 1

VANDERCOOK CHAIN STORES, INC.

PARTIAL ORGANIZATION CHART



be reviewed by Ernest Underwood and Francis Vincent before being submitted to Mr. Thorp.

Aldrich met with the three men who were to make the study. The four of them talked over the situation freely and divided up the work of preparing the necessary data. They agreed, among other things, that the statistical data in the controller's department which related to the real estate department were scanty, and that most of the data which would be used were on records kept rather informally by the real estate department. After this first meeting, all felt that the study was "off to a good start." According to the agreement reached in this meeting, George Phillips soon left to gather data in the field. Stanley Kendrick and Joseph Wilson began to work together in the home office.

Within a few days, both Kendrick and Wilson came to feel that they were working together closely and effectively. Wilson was very cooperative and obtained facts from the real estate department which the controller's people did not even know existed and which they would have had difficulty in locating by themselves. As a result of studying these data with Kendrick, Wilson obtained some ideas as to a proposal he thought he might present to Francis Vincent. Wilson told Kendrick that he wanted Kendrick's reassurance that the proposal was sound, and that he thought that if the two of them agreed on his interpretation of his data he would try to sell his ideas, as part of a constructive plan for the real estate department, to Francis Vincent. Wilson also told Kend-

rick that he thought it would help Vincent to come up with a constructive plan for his department.

Wilson left his data and a draft of his program with Kendrick for study. While studying the data and the proposal in his own office the next morning, Kendrick was called to the telephone. At this point Phillips came in, picked up the data, and looked at the three points in Wilson's proposal. As soon as the call was over, Kendrick explained to Phillips that these data and program points were loaned confidentially by Wilson for study purposes only. Kendrick told Phillips that Wilson wanted to discuss his ideas with his vice-president before placing them formally before the "task force team." Kendrick asked Phillips to forget that he had seen Wilson's paper and to respect Wilson's request. Kendrick also told Phillips that he was sure Wilson would bring the matter up with the team at the right time. Phillips presumably heard, though he made no formal reply.

Late that same afternoon Kendrick went into Phillips' office to confer with him. While Kendrick was there, Phillips' boss, Willard Reed, came in to talk to George Phillips about the "three points" Phillips had mentioned that morning. These points were the three points of Wilson's proposal. Reed said he wanted additional data because Underwood, the controller, planned to talk with Vincent, the vice-president of the real estate department, about the points before going home that night.

Kendrick was much irritated by what he observed. He knew that both Phillips and Reed had reputations in the office of being "eager beavers." The die, however, was apparently cast—so far as Kendrick could see—because Underwood had an appointment with Vincent. It seemed to Kendrick that he had to decide at once what action, if any, he should take.

EXCERPTS FROM STUDENTS' EXAMINATION PAPERS ON THE VANDERCOOK CASE

The Vandercook Case was once given as part of a four-hour examination at the end of the second semester of "Administrative Practices." No specific question was asked. The following excerpts were not "representative" or "typical." They were selected on the basis of their interest as subjects of discussion.

EXCERPTS FROM STUDENTS' EXAMINATIONS

1

The situation has been badly handled by Kendrick. He should set the facts before Aldrich at once and seek his advice.

Kendrick's first mistake was in taking Wilson's proposal under advisal. He could have suspected that some such development as occurred would happen. He should have made it clear that he wanted no part in an underhanded dealing which could be misinterpreted by the men in his department if divulged. This stand would not alienate Wilson if properly handled. Wilson apparently was uncertain of the reaction his proposals would get and wanted Kendrick's reassurance. His movement basically presented Kendrick with a problem of divided loyalties. To avoid it, he should have refused the trust, and Wilson would have been forced to discuss the problem with his superior Vincent, or present his three points before the group at the conclusion of the study.

Phillips and Reed now seem to feel that they were excluded from the work at the home office. After seeing the points, their suspicions are aroused and their unilateral action is the result. Another explanation may be the desire to present a good front before their superior, Underwood, particularly if Phillips recognized the suggested points as good ones and presented them to Underwood without citing their source. In any event, justified or not, Phillips action in picking up the paper indicated his suspicion of being excluded from the study and his belief that the proposal should not have been kept a secret. His revelation was an underhanded movement, justified or not, and can lead to a rupture in the harmony of the group.

Aldrich as head of the group does not know what is going on. He has allowed his subordinates to conduct the study on their own, after initially developing the good will among the "task force group." The group felt it was "off to a good start" evidencing Aldrich's skill.

Aldrich will have to repair the rupture. . . .

2

Problem

The problem confronting Stanley Kendrick is to decide what immediate action he should take in order to avoid trouble with Wilson, and of greater

importance, to avoid a complete breakdown of relationship between the real estate department and the controller department. If a great deal of friction is not prevented, the president, John Thorp, might find it extremely difficult to obtain smooth working relations between departments. This is very significant due to the "oldtimer," "outsider" relationships which now exist.

Recommendation

This report recommends that Stanley Kendrick take the following actions immediately:

I. Talk to George Phillips and see if he will not meet with Wilson and Kendrick and come to an agreement that the plan will be presented to Reed as a recommendation of the working team and allow Wilson to present the plan as he knows it best and is most familiar with it.

This will be a very difficult action for Phillips would have to tell Reed that it is not his original idea, and Wilson would have to be in agreement. However, it would be the best action if workable because the working team would be brought together and it is better to get the bottom level in agreement before cutting lines at the upper levels. I don't think Wilson should be confronted until Phillips has agreed because Kendrick should have a plan to present to him. Kendrick and Wilson are, in my opinion, to blame for the situation they are in. They have not been working as a team with Phillips and should be even though Phillips has been in the field. Wilson was wrong in planning to take this plan directly to Vincent because the reports should have been made as a team. Kendrick was wrong in that he did not ask Wilson to plan to discuss the plan with Phillips. Phillips undoubtedly feels left out as Kendrick told him the report was "loaned confidentially" and that Wilson wanted to present it to his vice president, as he thought it would be of benefit to him. Therefore I think Wilson and Kendrick are to blame for not working as a team and the first action should be to try to re-establish this relationship. If the report goes from Phillips to Reed to Underwood and then Underwood tells Vincent and then Wilson is informed of the plan he will be very disturbed. If he tells Vincent that the plan was his and can prove it by preparatory work papers there will undoubtedly be a split or trouble between the controllers and the Real Estate Department which would be hard to re-establish because of the "outsider," "oldtimer" relationships.

It is realized that getting Phillips to have this meeting will be very difficult but I sincerely believe he should attempt this action to get the team back together before the trouble starts in the upper levels.

II. Kendrick should then talk to Wilson and completely explain the situation including the fact that they should have been working as a team and that Vincent will get ample praise even if the three points are presented as a team for the efforts of Wilson are apparent and he selected Wilson. Wilson should agree to this as he and Kendrick have been working well together. The important thing is to get the team back together as it should be.

III. If Wilson and Phillips will agree then the plan can be presented to Reed and it will go on to Vincent and Underwood through proper channels and methods.

Alternatve

This plan is naturally the idealistic one. It should be given a lot of effort by Kendrick. If Phillips does not agree then I think Kendrick should immediately tell Wilson of the situation and try to prevent him from taking action to tell Vincent at this time. Then Kendrick might go to Aldrich and explain in detail the circumstances and suggest that Aldrich call in Reed and Phillips and find out the true story. Even though Phillips felt left out he had no right in stealing the idea and Aldrich should ask for the facts. The main thing is to prevent as much friction as possible and get the problem under control before it reaches the top level.

3

Unless such a move would mean immediate starvation for himself and his dependents, Stanley Kendrick should immediately resign his position with Vandercook and seek employment elsewhere.

He has stumbled into a working organization which is an unhappy society peopled with blindly selfish men, men who have no consideration for their fellows and no vision that sees beyond the length of their own arms.

This society is split into factions each interested in the advance of its members.

I know nothing about John Thorp as a man or as an administrator, but I expect he is to be pitied in his new job. He has asked the controller to make a study of one department and a most disorderly mess has resulted.

A "team" was formed of three working members and a leader. If the members of this team were considerate and cooperative men they would have pooled their information and submitted it as a team to Aldrich the leader.

But Wilson, who has been around long enough to have conformed to the selfish uncooperative philosophy of this society can think only in terms of working for his faction (Vincent) and never thinks of working through Aldrich. He takes Kendrick into his confidence but apparently does not consider working with Phillips, his other teammate.

When Phillips sees the report and suggestions he follows the pattern and takes it directly to his accomplice Reed. Once again the idea of cooperation and teamwork is never given a thought. Reed, delighted to step on Aldrich who has been chosen above him as "team-leader," takes the proposals to Underwood.

This is a plot worthy of a Shakespearean tragedy, peopled with Iagos and Richard III's. Kendrick, a naïve man of good will, is well on his way toward becoming the tragic hero who suffers mightily and dies in the end by his own hand.

To date he has erred in failing to sense the heavy atmosphere in this society of "every man for himself and don't turn your back to anyone." Like a child eager to please he has cooperated slightly with Wilson (a good fellow at heart but unfortunately blinded by years in the company to the humanistic ideas of helping one's fellow and pulling together). He has, as a result of unconsciously committing himself to one faction, been mauled by another.

The next step, unless he is very wise, will be angry retaliation. He will strike out in anger against one form of evil in his little society and thus commit himself a little further to a form equally as blind and unfortunate.

Unwittingly Kendrick has made the first overtures toward embracing the unpleasant, cunning philosophy of this little society. The only thing for him to do now is to pull out quick before he flounders deeper into the quagmire and finds himself eventually up to his neck in the mire along with Phillips and Reed. . . .

From *THE VON HASSELL DIARIES, 1938–1944**

by

ULRICH VON HASSELL

Berlin, September 17, 1938, on the train between Berlin and Weimar: Stormy international atmosphere. At home there is growing despondency under the weight of Party rule and fear of war. Heydrich again in Nuremberg in full regalia. Hitler's speeches are all demagogic and spiced with sharp attacks on the entire upper class. The closing speech at the Party conference was of the same sort, delivered in wild, boisterous tones. The mounting hatred against the upper class has been inflamed by the warnings of the generals, with the exception of Keitel, against war. At the same time there is growing aversion to all independent people. Whoever does not crawl in the dust is regarded as stuck up. Here also lies the explanation of my situation. Heydrich told Plessen in Rome that the Party considered me haughty. Ribbentrop cannot abide me either.

During the past weeks I have asked myself repeatedly whether it is right to serve such an immoral system. However, "on the outside," the slight chance of successful opposition would be even smaller.

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* Garden City, New York: Doubleday & Company, Inc., 1947, p. 1. Reproduced by permission.

EDITORIAL NOTE BY J.D.G. AND R.M.H.—Ulrich von Hassell was German Ambassador in Italy, 1932–37. After the conclusion of the Anti-Comintern Pact among Germany, Italy, and Japan in November, 1937—a move which he did not support—von Hassell was recalled as ambassador and retired from the German foreign service. Subsequently he was active in a secret group which plotted Hitler's overthrow and which organized the "bomb plot" of July 20, 1944, which failed. On July 28, 1944, he was arrested. He was executed September 8, 1944.

—Reinhard Heydrich, 1904-42, Chief of the Security Police, Chief of the Intelligence Service of the Schutz Staffel (an "élite" corps), later Reich "Protector" of Bohemia and Moravia; object of an assassination attempt in Prague by Czech patriots, May 27, 1942, he died from the wounds on June 4. The following week German occupying forces wiped out the village of Lidice, killing its entire population, in revenge.

—Field Marshall Wilhelm Keitel, 1882-1946, Chief of the High Command of the German Armed Forces, 1938-45. Executed, after trial for war crimes, by the Allies at Nuremberg.

—Joachim von Ribbentrop, 1893-1945, German Foreign Minister, 1938-45. Executed, after trial for war crimes, by the Allies at Nuremberg.

DASHMAN COMPANY*

The Dashman Company[1] was a large concern making many types of equipment for the armed forces of the United States. It had over 20 plants, located in the central part of the country, whose purchasing procedures had never been completely co-ordinated. In fact, the head office of the company had encouraged each of the plant managers to operate with their staffs as separate independent units in most matters. Late in 1940, when it began to appear that the company would face increasing difficulty in securing certain essential raw materials, Mr. Manson, the company's president, appointed an experienced purchasing executive from another company, Mr. Post, as vice-president in charge of purchasing, a position especially created for him. Mr. Manson gave Mr. Post wide latitude in organizing his job, and he assigned Mr. Larson as Mr. Post's assistant. Mr. Larson had served the company in a variety of capacities for many years, and knew most of the plant executives personally. Mr. Post's appointment was announced through the formal channels usual in the company, including a notice in the house organ published by the company.

One of Mr. Post's first decisions was to begin immediately to centralize the company's purchasing procedure. As a first step he decided that he would require each of the executives who handled purchasing in the individual plants to clear with the head office all purchase contracts which they made in excess of $10,000. He felt that if the head office was to do any co-ordinating in a way that would be helpful to each plant and to the company as a whole, he must be notified of contracts that were being prepared at least a week before they were to be signed. He talked this latter proposal over with Mr. Manson, who presented it to his board of directors. They approved the plan.

Although the company made purchases throughout the year, the beginning of its peak buying season was only three weeks away at the time this new plan was adopted. During this period, contracts totaling millions of dollars would be placed. Mr. Post prepared a letter to be sent to the 20 purchasing executives of the company. The letter follows.

DEAR———:

The board of directors of our company has recently authorized a change in our purchasing procedures. Hereafter, each of the purchasing executives in

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[1]All names have been disguised.

the several plants of the company will notify the vice-president in charge of purchasing of all contracts in excess of $10,000 which they are negotiating at least a week in advance of the date on which they are to be signed.

I am sure that you will understand that this step is necessary to co-ordinate the purchasing requirements of the company in these times when we are facing increasing difficulty in securing essential supplies. This procedure should give us in the central office the information we need to see that each plant secures the optimum supply of materials. In this way the interests of each plant and of the company as a whole will best be served.

Yours very truly,

Mr. Post showed the letter to Mr. Larson and invited his comments. Mr. Larson said that he thought the letter an excellent one but suggested that, since Mr. Post had not met more than a few of the purchasing executives, he might like to visit all of them and take the matter up with each of them personally. Mr. Post dismissed the idea at once because, he said, he had so many things to do at the head office that he could not get away for a trip. Consequently, he had the letters sent out over his signature.

During the two following weeks replies came in from all except a few plants. Although a few executives wrote at greater length, the following reply was typical:

DEAR MR. POST:

Your recent communication in regard to notifying the head office a week in advance of our intention to sign contracts has been received. This suggestion seems a most practical one. We want to assure you that you can count on our co-operation.

Yours very truly,

During the next six weeks the head office received no notices from any plant that contracts were being negotiated. Executives in other departments who made frequent trips to the plants reported that the plants were busy, and the usual routines for that time of year were being followed.

QUESTIONS

1. What was it that Mr. Post was "sure" that the recipient of this letter would "understand"? Why was he "sure"? What did Mr. Post mean by the last two sentences in his letter? How, do you suppose, did the purchasing executives interpret these sentences? What, would you say, did the plant managers think of these same two sentences?
2. What problem or problems, if any, does Mr. Post have? What, if anything, should he do?
3. What problem or problems, if any, does Mr. Larson have? What, if anything, should he do?

From *A FUNERAL ORATION**

by

PERICLES

* * * * *

Our form of government does not enter into rivalry with the institutions of others. We do not copy our neighbours, but are an example to them. It is true that we are called a democracy, for the administration is in the hands of the many and not of the few. But while the law secures equal justice to all alike in their private disputes, the claim of excellence is also recognized; and when a citizen is in any way distinguished, he is preferred to the public service, not as a matter of privilege, but as the reward of merit. Neither is poverty a bar, but a man may benefit his country whatever be the obscurity of his condition. There is no exclusiveness in our public life, and in our private intercourse we are not suspicious of one another, nor angry with our neighbour if he does what he likes; we do not put on sour looks at him which, though harmless, are not pleasant. While we are thus unconstrained in our private intercourse, a spirit of reverence pervades our public acts; we are prevented from doing wrong by respect for the authorities and for the laws, having an especial regard to those which are ordained for the protection of the injured as well as to those unwritten laws which bring upon the transgressor of them the reprobation of the general sentiment.

And we have not forgotten to provide for our weary spirits many relaxations from toil; we have regular games and sacrifices throughout the year; our homes are beautiful and elegant; and the delight which we daily feel in all these things helps to banish melancholy. Because of the greatness of our city the fruits of the whole earth flow in upon us; so that we enjoy the goods of other countries as freely as of our own.

Then, again, our military training is in many respects superior to

*In honor of Athenians killed in action in the Peloponnesian War, 431 B.C., Thucydides' *History*, Book II (37-40). Translated by Benjamin Jowett. See *The Historians of Greece*, Thomas Matthew Alexander, Editor-in-Chief (New York: The Tandy-Thomas Company, 1909, Volume V), pp. 195-97.

that of our adversaries. Our city is thrown open to the world, and we never expel a foreigner or prevent him from seeing or learning anything of which the secret if revealed to an enemy might profit him. We rely not upon management or trickery, but upon our own hearts and hands. And in the matter of education, whereas they from early youth are always undergoing laborious exercises which are to make them brave, we live at ease, and yet are equally ready to face the perils which they face. . . .

. . . We are lovers of the beautiful, yet simple in our tastes, and we cultivate the mind without loss of manliness. Wealth we employ, not for talk and ostentation, but when there is a real use for it. To avow poverty with us is no disgrace; the true disgrace is in doing nothing to avoid it. An Athenian citizen does not neglect the state because he takes care of his own household; and even those of us who are engaged in business have a very fair idea of politics. We alone regard a man who takes no interest in public affairs, not as a harmless, but as a useless character; and if few of us are originators, we are all sound judges of policy. The great impediment to action is, in our opinion, not discussion, but the want of that knowledge which is gained by discussion preparatory to action. For we have a peculiar power of thinking before we act and of acting too, whereas other men are courageous from ignorance but hesitate upon reflection. And they are surely to be esteemed the bravest spirits who, having the clearest sense both of the pains and pleasures of life, do not on that account shrink from danger. In doing good, again, we are unlike others; we make our friends by conferring, not by receiving favours. Now he who confers a favour is the firmer friend, because he would fain by kindness keep alive the memory of an obligation; but the recipient is colder in his feelings, because he knows that in requiting another's generosity he will not be winning gratitude but only paying a debt. We alone do good to our neighbours, not upon a calculation of interest, but in the confidence of freedom and in a frank and fearless spirit.

* * * * *

VARO MACHINE COMPANY (I)*

About four years after Tom Hardy[1] had been made production control manager at the Varo Machine Company, the superintendent of the company resigned to take another position. Mr. Miller, vice-president in charge of manufacturing, discussed with the company's president the problem of filling the position, and they decided to transfer Hardy from production control manager to superintendent.

The seven foremen in charge of the manufacturing departments reported to the superintendent. It was his job to supervise these foremen in operations, and one of the major requirements of the job was personnel administration. The superintendent reported to Miller.

As production control manager, Hardy had also reported to Miller. Although this job had required merely the setting-up of over-all production schedules, Hardy had broadened his outlook in his four years in that position. He had studied plant operations and had gained a good understanding of technical production problems, although he had never had actual production experience. Before becoming production control manager, he had been the company's purchasing agent. Hardy was liked by all of the foremen and also by the 400-odd employees in the shop. Both foremen and workmen had come to Hardy with personnel problems that ordinarily would have been taken up with the superintendent. For these reasons both the president and Mr. Miller thought it was a natural move to transfer Hardy to the superintendent's position when it became vacant.

Miller, however, who was 50 years old and 10 years Hardy's senior, subsequently came to have some doubts about the move. Miller had been a machinist in his early days with the company and had worked up through the ranks to his position of vice-president in charge of production. He began to think that Hardy lacked a technical background adequate for the position of superintendent.

After Hardy had been superintendent for several months, friction developed between Hardy and Miller. Miller complained to the president that Hardy was opinionated, gave snap judgments, and knew little about technical processes.

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[1] All names have been disguised.

About a year after Hardy became superintendent, this friction had become more pronounced and was aggravated by pressure of work caused by several important contracts taken on by the company. Miller complained to the president that Hardy did not have the technical background necessary to meet the technical problems arising in connection with the new work. The president thought Hardy was a valuable man as a personnel administrator, however, and would not agree to dismissing him. Finally, the president called in a firm of management consultants to make an organization study which would include the evaluation of key men; in this way he sought to receive advice from the management consultants as to what action should be taken on the Hardy matter.

The management consultant assigned to the problem spent about two weeks talking informally with the executives and key men down to the rank of subforeman. He discussed with each man what his job was: what he depended on other departments or key men for; what difficulties he experienced in executing his job; what types of problems he met; and how he solved them.

During the course of the management consultant's association with Hardy and Miller, each discussed his personal relationships fully on a businesslike basis. Each man had been told by the consultant that the information would not be used in such a way as to cause embarrassment to the man being interviewed.

The management consultant concluded that Hardy's judgment was excellent and that he had a keen sense of human understanding in dealing with personal problems of his subordinates. His subordinates liked him, and although he did not know all the technical aspects of operations in their departments, they said he was helpful to them in solving technical problems by suggesting possible ways of doing things. Many of these suggestions, they said, were no good but by talking the technical problems over with him they got new ideas. Hardy did not try to force his unworkable ideas on them. They said he was exacting, however, in finding out why an idea was not good and that often in trying to explain why it was impracticable they found that their first reaction was wrong and that the method suggested would work, although they had never tried it before. The foremen said that between Hardy and the methods engineer, whose job it was to design tools and specify methods, they felt they had all of the technical assistance they needed.

The management consultant found that Miller was an executive who did a fair job of co-ordinating the efforts of men reporting to him.

The consultant observed that he frequently gave instructions to his subordinates regarding rather minor administrative phases of their departments. Those reporting to him were the superintendent, the production control manager, the methods engineer, the industrial engineer, the maintenance foreman, the chief inspector, and the purchasing agent.

The management consultant was present at many informal conferences between Hardy and Miller as they went about their work. He observed that Hardy would analyze a problem in a fraction of the time that it took Miller, and it seemed to the consultant that his judgment was usually better than Miller's even on problems that Miller had thought over prior to presenting them to Hardy. Often Miller would call Hardy to his office and ask him if he did not think they should make a certain move. Hardy would frequently react in a flash and inform Miller immediately why such a move should not be made.

QUESTIONS

1. What, if anything, should the consultant do? What, if anything, should he report to the president concerning the relationship of Miller and Hardy? Why?

We are troubled on every side, yet not distressed; we are perplexed, but not in despair.

—II CORINTHIANS 4:8

ZEBRA NATIONAL BANK*

The Zebra National Bank[1] was founded in 1883 in a medium-sized city which was the center of an extensive industrial area. During the years following the establishment of the bank, both the industrial and metropolitan areas experienced rapid growth and development. In this period the Zebra National Bank gained a reputation as a medium-sized bank which dealt primarily with other banking institutions and with industrial concerns. Its activities included secured and unsecured loans, mostly to local industrial concerns, financing of accounts receivable, trusts and investments, and dealings with correspondent banks. In 1945 it had assets of $100,000,000 and approximately 3,000 customers with an average balance of about $29,000. There was no savings department, and no effort was made to promote individual accounts.

During the years of its growth the bank had enjoyed good relations with its customers, primarily as a result of the fact that the personal attention of high-ranking bank officers was given to nearly every account. In the opinion of the directors of the bank, the success and reputation of the Zebra National Bank were largely attributable to the procurement and maintenance of these accounts.

In recent years the bank had been rather loosely organized. There was no formal organization chart; the personalities of executives and the needs of the bank had governed the disposition of key men in the bank structure. The president of the bank between 1938 and 1945 contended that this feature was in part responsible for the bank's ability to maintain satisfactory customer relationships.

The bank was divided, under the board of directors and the president, into the following departments: the Investment Department managed by a vice-president; the Trust Department, managed by a vice-president and trust officer; the Secured Loan Department, managed by a vice-president; the Unsecured Loan Department, in which two vice-presidents divided the responsibilities; the Auditing Department, managed by the auditor; the Bank Operations Department, managed by a vice-president; and the Public Relations Department, in which two vice-

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[1] All names have been disguised.

presidents shared the tasks of "business-getting." Each vice-president together with the auditor was responsible to the president of the bank for the operation of his own department or function, and in addition, each vice-president was empowered to "sign" for the bank.

In the years between 1920 and 1945, two of the vice-presidents in the Public Relations Department, Mr. Edward S. James and Mr. Arthur K. Small, had been particularly active in building up and cementing the bank's relationships with a large number of its best customers. Their success in their relationships with customers, as evidenced by the volume of business they obtained for the bank and by the permanency of the accounts, was generally thought to be due to their aggressiveness, hard work, and pleasant personalities.

Edward James was the only son of a well-to-do family. He had grown up in a banking and financial atmosphere inasmuch as his father had been a prominent financier. James had joined the Zebra National Bank at the age of 20, and his progress had been rapid because of his energy, his likable personality, his unmistakable ability, and the friendly but efficient manner in which he handled his customer's accounts. He had been in nearly every department of the bank and was made a vice-president in 1925 at the age of 35. In his "business-getting" function he made contacts readily, and through his courteous and thorough attention gained strong and lasting accounts for the bank.

Arthur Small was a man about 15 years older than Edward James, and in a similar way had been instrumental in the bank's development. His experience for 40 years in nearly all forms of the banking business had earned for him the reputation, both among his colleagues in the Zebra National Bank and among his customers, of being a man able to handle nearly any type of banking problem. He had helped materially in "bringing up" James in the banking business. His relations with his customers were on a friendly basis, he had many influential friends, and he made it a practice to attend personally to all his customers' relations with the bank.

During the years between 1910 and 1945, the bank had been directed by two different presidents. Both were men experienced in banking and finance and highly regarded in business circles. Each of these presidents was cognizant of the commendable work being done by vice-presidents James and Small, and, because the latter were contributing so heavily to the growth and prestige of the bank, the presidents had exerted very little directing or restraining influence on their activities, especially since each was competent, trustworthy, and respected.

Consequently, a situation had developed in the years prior to 1945, in which James and Small, by virtue of long service, experience, and ability, were exerting considerable influence in the operation of many of the departments of the bank for which they were not regularly responsible in the original plan of organization. For example, James was very active in both Secured and Unsecured Loan Departments. The vice-presidents in these departments were younger men, and it appeared that they were generally unable to resist this intrusion into their departments by Edward James. In numerous instances, James negotiated loans without any consultation with the vice-president responsible. Similarly, Arthur Small exerted a considerable influence in the Investment and Trust Departments as well as in some details of the Bank Operations Department. In truth, both men engaged actively in nearly all of the functions of the bank.

In 1945, Mr. Robert M. Barnett, a wealthy and prominent manufacturer, became president of the Zebra National Bank. Mr. Barnett, at this time, was 60 years of age, had been a long-time resident of the city, and had been for many years a leader in both business and community affairs. He owned and managed a large manufacturing plant and was associated with several other large industrial concerns as a director. During the depression Mr. Barnett had stepped into three smaller industrial concerns at a time when each was having severe financial difficulties and had so revamped the financial positions and the management of these companies that they were able to weather successfully the depression period. Many businessmen in the community believed that in these instances Mr. Barnett had done an outstanding job of reorganization without which the companies would probably have failed to survive. Mr. Barnett's financial experience had come principally from his activities in connection with these industrial concerns.

Mr. Barnett was forceful and energetic and was well known among his business associates as an able administrator and a "good businessman." When informed of Mr. Barnett's selection as president of the Zebra National Bank, another local bank president remarked, "There can't be anything the matter with Zebra that Bob Barnett can't straighten out. He's one man that's not afraid to make decisions—and he's usually right!"

In his first few months as president Mr. Barnett became concerned over the organization of the bank. He felt disturbed because the bank actually lacked any semblance of a definite organization of authority and responsibility, and, although he believed that a bank should refrain from

overorganizing to the extent that the personal skill and experience of the officers might be misapplied, still he felt strongly that some definite division of responsibility was desirable and necessary. He was troubled by the manner in which both Edward James and Arthur Small so often acted independently of the younger heads of departments in serving their customers and in performing various functions in the bank. In addition, Mr. Barnett thought that it was his obligation to set up an organization so that the bank would not have to go outside for a leader to regulate the activities of officers like Edward James and Arthur Small. It was his contention that if a proper organization had been enforced capable men would have grown up in the bank and would have provided a logical president. Mr. Barnett had always insisted on a definitely organized division of responsibility in the industrial concerns with which he had been associated, and he felt that such an organization paid dividends.

In attempting to crystallize the indefinite organization problem, Mr. Barnett called in Mr. Fisher, the vice-president in charge of bank operations.

"Jim," he said, "I'd like to have you prepare a chart indicating the bank's organization so that I may become more familiar with the details of the various functions as well as perhaps make a few changes to clarify the chain of responsibility."

Fisher replied, "I would be more than glad, Mr. Barnett, to draw up an organization chart, but I'm afraid that when I finish it will be purely mechanical because, frankly, our lines of authority here are indefinite and have been as long as I can remember. As a matter of fact, I seriously doubt if I could draw such a chart, as I'm forced to admit that I actually don't know how it should be set up in many departments of the bank. I would suggest, Mr. Barnett, that you decide what type of organization is desirable, and we can then formulate a chart accordingly. I feel that such a procedure would be helpful to many of us who have been doubtful about this very point for a long while."

On two subsequent occasions, Mr. Barnett approached other officers of the bank for an organization chart, and on both occasions the officers referred the problem back to him by indicating that he would have to tell them how he wanted the chart set up, inasmuch as they were unable to construct one from their present knowledge of the bank operations.

Mr. Barnett believed that there were several undesirable features of the existing situation, in which James and Small as senior vice-presi-

dents were exerting their authority in nearly all departments of the bank and upon many of the other vice-presidents, department managers, and cashiers. He realized that the continuance of such a practice was detrimental to the younger executives of the bank, since it curtailed the development of their judgment, experience, and confidence.

In addition, Mr. Barnett thought that many of the bank's largest and oldest customers were in reality not the bank's customers but the customers of Edward James and Arthur Small. Certain customers confirmed this belief by insisting on the personal attention of these men and by failing to establish any kind of relations with other bank officers. This arose, he thought, from the fact that these two men had originally secured these accounts, had always given them their personal attention, and held the accounts for the bank largely on the basis of their personality, friendship, and service. As a matter of fact, Small had even excluded his assistant, a promising younger man with the title of assistant vice-president, from any contacts whatever with these important customers. Mr. Barnett felt that such a practice was prejudicial to the long-range success of the bank and that, although personal attention to the needs of customers was a primary function of a vice-president, it had been carried to such an extent by Small, especially, that the customers felt that they dealt with Arthur Small as an individual financial advisor rather than with the bank as a financial institution. In addition, the president recognized the threat to this large portion of the bank's business which might be coincident with the transfer, retirement, or death of these two key men.

Despite these considerations, Mr. Barnett was reluctant to enforce a change in the setup because he recognized and appreciated the substantial contribution which these two men had made, through the years, to the bank's growth. Their work, it seemed to him, continued to be energetic, enthusiastic, and productive, as measured by volume of new business; and they seemed unaware of the implications seen by Mr. Barnett. The other officers of the bank, he concluded, had grown accustomed to the existing organization, and there was no apparent agitation or unrest in the bank staff. The two men had evidenced by their long hours, hard work, and constant attention their interest in the growth and success of the bank. In addition, Mr. Barnett felt that he would be faced squarely with the problem of customer reaction if he were to make any changes affecting the two men. To many customers, Arthur Small or Edward James stood for the bank; and if the customers were deprived of

the services of these men, or if a new officer were delegated to handle their accounts, the loss by the bank of large accounts might, Mr. Barnett feared, become appreciable.

After having been in contact with Edward James for a period of time, Mr. Barnett was impressed with James's all-round ability as a bank executive. He recognized James's professional qualifications, and felt that these coupled with his dynamic ability to make personal contacts and create business made him an almost perfect choice as a bank president. Mr. Barnett set out to discover the reason, or reasons, why James had never been appointed president of this bank, inasmuch as he seemed qualified in all respects, knew intimately the functions of nearly every department, had had years of experience in the bank, and was well thought of in the bank and among other financial organizations. He found an answer from Mr. John Snyder, who had formerly been president of the bank for over seven years, who was now retired but maintained his interest as a director, and who functioned largely in affairs of the bank requiring his prestige and contacts. Mr. Snyder was principally active in meeting new customers, in serving as a director for several companies, and in attending various banking conventions and meetings.

Mr. Snyder explained to Mr. Barnett in confidence that Edward James had been considered several times as a logical choice for president and that his qualifications were acceptable, but that he had one characteristic which seemed continually to thwart his efforts to rise to the top of his profession.

Mr. Snyder explained it by saying, "It's a difficult thing to put into words, but I feel that the answer lies in the fact that basically Ed James is one of the most selfish men I have ever known. He is not selfish in the ordinary sense of the word, but rather in his all-consuming conviction that everything is important only to the extent that it affects him personally. In many ways he is genuinely friendly and generous, and his customers have been the recipients of careful, conscientious, and generous acts of friendship and assistance. To many officers in the bank, he has been most considerate and helpful, but beneath it all, I'm convinced that each action he takes is unconsciously linked with his own personal progress. I doubt very seriously if he ever realizes it, because he has been brought up that way. Most people, moreover, are also unaware of this trait, but some of us here in the bank decided quite definitely that such a man, despite his fine qualifications, was not the type to be given the presidency of this bank. The task was too broad and the responsibility

too great to be carried by a man with such inherent narrowness of purpose."

Mr. Barnett found himself faced with a problem to which he did not see a clearly satisfactory solution. He was reluctant to take action, primarily because of the valuable contribution of these two men to the present position of the bank. He felt, however, that action was indicated to correct the overly loose organization of the bank and to face the future threat of inexperienced officers dealing with customers accustomed to experienced attention.

He felt that the problem was additionally serious because of the greatly increased number of federal government rules and regulations governing the functioning of national banks in matters of investment, trusts, loans, and like matters. These regulations were now so numerous and detailed that it became impractical for any individual to be fully informed concerning them all. Most banks had in charge of each of these separate functions men who had considerable experience in that field and, more important, men who were able to devote their entire time and attention to the changing aspects of that particular phase of banking, especially as brought about by new government regulations. Mr. Barnett feared that the bank, as well as Edward James and Arthur Small, might be subjected to fine and censure for their failure to comply with some new statute. This outcome was quite possible, since both James and Small were active in nearly all phases of the bank's business and could not hope to avoid occasional omissions in attempting to comply with the multiplicity of government regulations.

QUESTIONS

1. How do you interpret Mr. Snyder's comment on Edward James? What are the implications of this evaluation, in your judgment?
2. What is Mr. Barnett's problem? What do you think of his apparent irresolution?
3. On the basis of the ideas and actions revealed in this case, what judgments do you reach concerning the administrative capacities of Messrs. Snyder, Barnett, Small, and James?

From *THE AIMS OF EDUCATION**

by

ALFRED NORTH WHITEHEAD

We need not flinch from the assertion that the main function of [a business school] is to produce men with a greater zest for business. It is a libel upon human nature to conceive that zest for life is the product of pedestrian purposes directed toward the narrow routine of material comforts. Mankind by its pioneering instinct, and in a hundred other ways, proclaims falsehood of that lie.

In the modern complex social organism, the adventure of life cannot be disjoined from intellectual adventure. Amid simpler circumstances, the pioneer can follow the urge of his instinct, directed toward the scene of his vision from the mountain top. But in the complex organisations of modern business the intellectual adventure of analysis, and of imaginative reconstruction, must precede any successful reorganisation. In a simpler world, business relations were simpler, being based on the immediate contact of man with man and on immediate confrontation with all relevant material circumstances. To-day business organisation requires an imaginative grasp of the psychologies of populations engaged in differing modes of occupation; of populations scattered through cities, through mountains, through plains; of populations on the ocean, and of populations in mines, and of populations in forests. It requires an imaginative grasp of conditions in the tropics and of conditions in temperate zones. It requires an imaginative grasp of the interlocking interests of great organisations, and of the reactions of the whole complex to any change in one of its elements. It requires an imaginative understanding of laws of political economy, not merely in the abstract, but also with the power to construe them in terms of the particular circumstances of a concrete business. It requires some knowledge of the habits of government, and of the variations of those habits under diverse conditions. It requires an imaginative vision of the binding forces of any human organisation, a sympathetic vision of the limits of human nature and of the conditions which evoke loyalty of service. It requires some knowledge of the laws of health, and of the laws of fatigue, and of the conditions for sustained reliability. It requires an imaginative understanding of the social effects of the conditions of factories. It requires a sufficient conception of the role of applied science in modern society. It requires that discipline of character which can say "yes" and "no" to other men, not by reason of blind obstinacy, but with firmness derived from a conscious evaluation of relevant alternatives.

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JAMES SHORT*

Early in 1953, David C. Davis,[1] a management consultant, received a phone call from his friend, James A. Short, executive vice-president of the Hudson Corporation, requesting a personal conference at the close of business that day. Although Mr. Davis had some social engagements for the evening that would need adjustment, he was glad to meet Mr. Short's request because he had been on the point of arranging a meeting for himself with Mr. Short.

Mr. Davis felt that he could guess what Mr. Short had on his mind. About seven years earlier, when his close acquaintance with Mr. Short began, Mr. Davis had assisted Mr. Short in locating a new job after he had resigned abruptly from the Hudson Corporation. Mr. Short had been persuaded to return to the Hudson Corporation about two years later. The new job in his old company was a marked improvement for him in terms of remuneration, explicit definition of responsibilities and authority, and a title designation that clearly indicated his post as number two man in the company hierarchy. Mr. Davis knew that matters had gone much more satisfactorily, from Mr. Short's point of view, during the years since his return, although Mr. Davis recently had heard indirectly that some of the earlier difficulties between Mr. Short and the president of Hudson Corporation had arisen once more.

The meeting between the two men began in Mr. Davis' club not long after five o'clock and continued through dinner and into the evening. The information that follows, together with the gist of the conversations reproduced, were written out by Mr. Davis, at the request of a case writer from the Harvard Business School, soon after the conference occurred. The case was cleared for accuracy and disguise with Mr. Short by Mr. Davis.

Mr. Short opened the conversation immediately upon his appear-

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[1] All names have been disguised.

ance with the remark, "I expect you know what's up—J. G. can't keep his hands off any longer, and this time if I quit it'll be for good, and I want to plan ahead for it a bit more than I did last time."

Mr. Davis smiled. "How long can you hold onto yourself? You act teed off."

"I am," Short replied, "but I managed to finish the day and get up here without calling for a showdown. And tonight is Friday night, so there's the week end ahead of me. Furthermore, I've had two good offers recently that still stand open waiting for my answer."

"That ought to help," Davis said. "Added to which, I have a third offer that was specifically drawn up to appeal to you and about which I was planning to see you next week. Shall we move over to the dining room and get into all this over dinner?"

Settled at their table Mr. Davis urged Mr. Short to bring him up-to-date on what had been happening in Hudson Corporation since their last meeting about six months earlier. "I thought you had your troubles pretty well cleared up. At least you made no complaints at that time."

SHORT: That's the devil of it. They were cleared up until somewhere around 12 or 15 months ago. Beginning then J. G. (Connell, the president of Hudson Corporation) has made my job increasingly difficult by postponing decisions I put up to him—ones that require his approval and quickly too, to be worth acting on, by questioning a lot of my smaller decisions—ones I've been making for years without his objection, and really aren't important by themselves but only as a symptom of his intentional meddling, by making more and more suggestions about how I ought to handle my personnel—suggestions he knows damn well I won't accept. They concern the way he treats people, and are the ways I never have and never will use.

Well, that's the way it's been going for more than a year. This morning when I went in to go over the next budget for my divisions, he said he'd been studying it and thought I ought to cut the figure for promotion and advertising one million dollars. I said, "Not unless I cut the figure for projected sales several times more." He didn't like that, but he wouldn't argue with me about it. We've gone to the mat on that one too often. So he went back to the million dollars he said I could save. I wouldn't take it without a proportionate cutback

in sales. Finally he said, "You aren't the president around here yet." I wanted to say, "Damn lucky for you I'm not." But I held onto it, and merely said, "That's right." He said, "I think you ought to cut one million out of that one figure. Think it over." I said, "I will," and walked out. And here I am.

DAVIS: What's he want?

SHORT: *(Slowly, after a long pause.)* I hate to say this because it ought not to be true, but I think he's afraid of me. He ought not to be. He's the biggest figure in the industry, one of the old-timers too, out of the rough-and-tumble era. He owns a lot of the stock, he controls a solid majority of the company directors, he's a very wealthy man and has been for years. It's taken a long time for me to admit this to myself, but it's the only explanation that fits the pattern of his recent behavior.

The figures for my divisions are coming out the way I predicted them to him almost two years ago—I have lifted two of our perennial money losers out of the red. They're in the black now, and next year they'll both be solid money makers. I think he's afraid to allow the company stockholders and directors, the bankers, and the employees to see the transformation from perpetual red to dependable black as a result of the work I have been doing for the last four years. He fears they might figure he wasn't needed, and he's becoming more touchy every day about that since he passed the 70-year mark some time ago.

DAVIS: He can't last forever, and you're the only possible successor he's got in the whole organization. Everyone in the company knows that, from top to bottom, and a good many are praying for the day. You've put in 25 years all over the company, abroad and at home, getting ready for a take-over when the old man retires—the last ten years as the heir apparent, chosen and trained by himself. You think you can't take the punishment any longer?

SHORT: It isn't that simple, Dave: I've never taken any "punishment" from him, except lots of hard work and tough assignments—and I asked for those. It's most of the other executives in the company who have taken the punishment—that is the ones who stayed on for the sake of the high salaries he pays. The ones who wouldn't, left. I guess I'm the only one who wouldn't put up with his galley-slave tactics who stayed with him.

DAVIS: Maybe that's the reason you're the only one he has groomed as his successor.

SHORT: He groomed me as his successor because I always studied my problems until I was certain what the trouble was. Once that was done, a promising solution or two were never hard to find. When I went in to him I always took along my recommendations, and then fought for them. Usually I won, because I double-checked and triple-checked on everything. I never minded those combats, and I don't think he did either. The other guys generally took only the problems to him and then asked him what to do about them. That's where they got in trouble. He'd tell them, and at the same time call them stupid or dumb or incompetent. Right in front of their own people, too. It used to make me sick at times, but I'd tell them afterwards, when they came to see me, that they'd asked for it by going in that way. I'd try to get them to see the only way to avoid a public horse-whipping was to go in with their own plan and battle for it.

You know he lives for nothing but his business. He lives in a hotel in the center of town so as to be close to the office. He and his wife don't own a home anywhere. They have no children. She's been a confirmed neurasthenic for decades, going from doctor to doctor. She shifted sometime ago to cults and fads and healers.

Any time of night, or on week ends, or on vacations, he'll phone any officer in the company he wants to and either order them in for an afternoon or evening of work while the office is closed, or else keep them on the phone as long as he wants to bat a problem around. He tried that on me not long after I got back from that foreign assignment. I was expecting it, because some of the other men had complained about it to me—or rather, their wives had to my wife. I told our maid to tell him I was busy entertaining our guests and that I would be in to see him first thing in the morning. He never mentioned it and never tried it again.

No, I'm not the one who's had to take that sort of punishment—it's the other men, the whole executive structure in fact.

DAVIS: We've gone over some of this before, but I'm still a little puzzled. Between bonus and salary you went well over the $100,000 bracket two years ago. You don't put up with the bully-ragging old Connell has been notorious for; on the contrary, you're almost indispensable to him. You've worked hard a long time for

what you've almost got in your hand. It can't be so far off now. Why can't you go along until the ship is yours?

SHORT: (After another long pause.) Age is one angle—his and mine. I've just touched 50, and if I'm going to accomplish anything particularly noteworthy in an organization as big as ours I've got to get a really free hand soon. Ten years is hardly enough. Fifteen may be. At least I'm still ready to try hard. I may not feel that same way when the time gets shorter.

He is over 70, but all his close relatives—uncles, cousins, parents—were long-lived, many into their nineties. I believe he's going to hold on as long as he can. I may be wrong on this. He often talked with me about his retirement, and I think he meant it. But not during the past two or three years has he mentioned it again. It don't know whether it was his 70th birthday or my breaking into the black with the losers he could never rescue that made him clam up.

He still works like a horse, though he is slowing down and won't admit it. He may keel over one of these days—but I just don't know. It's a question mark, Dave—his retirement. I've speculated over that ever since he got over 65 and stayed on to 70. Now I'm 50 and I've concluded that I'm the fellow who's got to make the decision.

DAVIS: Jim, what if a taxi ran him down this evening. What would you like to try for most with Hudson Corporation? Why would you stay there rather than go to any of the three openings we are going to look over later on? What's Hudson got that I can't top on behalf of Casper?

SHORT: (Startled.) Have you got an offer from Casper?

DAVIS: I've got the executive vice-presidency for you. Not at once, but explicitly inside one year, to give Gene Darnell a decent interval in which to move back to the chairmanship. With it goes a salary, bonus, deferred payments, and pension tentatively proposed to meet your wishes, and with full authorization to me to meet any offer you get from any firm in the industry on each of the points I mentioned—salary, bonus, and so on.

Short sat silent. He was not prepared for such an offer from the chief rival in his field. His thoughts had been so much preoccupied with the tangled difficulties of his own situation at Hudson that he found it hard to grasp Davis' statements. Finally he asked, "Is that true?"

Davis gestured toward his brief case, "I have the papers in there when you're ready to look them over. Now how about my question: 'What's Hudson got for you that I can't top for Casper?' "

SHORT: Well, for one thing I know Hudson like the inside of my own house. I know every move I want to make, who I want to make the moves, and when, and how. I know what our weaknesses are and many remedies I am sure will help correct them. I know also where we have unrealized sources of strength which I am confident could be developed to such a degree that, before I am through, we could attain a commanding lead in the industry. And that means (he said with a glance at Davis) that we could overtake Casper's present 10 per cent lead in sales and go 20 per cent to 25 per cent ahead of them.

That's one thing Hudson's got for me.

Another is—and I should have put it first—I think I could release the energies and capabilities of a lot of good men that J. G. has used as chore boys. I think I could attract and hold a lot of good men who would never enter our doors so long as Connell's practices are followed. And this is something I've wanted to do in Hudson longer than anything else. I sort of feel I owe it to a lot of men who never got a decent chance to show what they could do in an encouraging atmosphere. I owe it to some friends of mine whose spirits or whose health were broken, and to some whose lives were shortened because they worked in Hudson.

That is a serious thing to say, but I mean it. And the funny thing is that I owe more to J. G. than I owe to any man alive. He gave me my chance in sales when I asked to transfer out of the accounting department 20 years ago. He sent me abroad in charge of sales when our subsidiary in Austria looked weak. He put me in full charge in less than one year when they had to replace their general manager there. He gave me a free hand over the whole outfit for nearly a decade before the war ended that operation. He asked for results, sure, but I would do exactly the same thing. During his two visits per year, we took our operations apart down to the last penny, and I learned as much about running my own show during his inspections as I did during the rest of the year.

He's a rough and often ruthless man, but you've got to remember the period when he was growing up. He was at work selling at the time

of the Spanish American war! I've told him a good many times that he is a hold-over from the old robber barons who built our railroads and steel mills.

DAVIS: Quite a compliment to pay your boss. How did he take it?

SHORT: Sometimes he'd frown, sometimes he'd grin. Don't forget he is perhaps the greatest promoter and one of the greatest salesmen our industry has produced. Nobody could touch him ten years ago. Remember he merged the first truly national organization in our field, just as he was the first to move aggressively into the foreign field in a really big way—at least from an American base. And he carried competition to every market that could be made to pay. In our field there's no personality like him left on the scene.

DAVIS: Sounds like hero worship to me.

SHORT: Why, yes, I guess it does. I guess I've felt that way about him for years. But I don't any longer. At least not much. Not since I've been continually at headquarters where I've seen him in action every day with the personnel of the organization. I was in Europe nearly ten years, you know, and after I came back he sent me out again to put the southern subsidiary on its feet. I didn't really get to know him, or the situation in the home office, until the war was over, scarcely eight years ago.

I think maybe he's changed too. I'm pretty sure he has in the last two or three years. He lies to me now. He goes behind my back and then denies it. He never used to do that. I've lost my respect for him.

DAVIS: Well are you ready to look over the material I've got on Casper?

SHORT: Not yet, Dave. I can't swing around that fast. Nor that far.

What I mean is I never expected that kind of an offer from that source. Except for two years I've worked all my life for Hudson. I can't get up out of the trenches and walk straight across to the principal enemy I've spent most of my business years fighting all over the globe. It sort of makes me feel like a deserter.

It would be a whale of a kick in the pants to the old man, though. Maybe it would jar some perspective back into him. Still he treated me awfully white that first time I resigned. I just walked out. You remember?

Well, he said I had to keep my title and my office until I made a connection. He wanted to pay my salary too, but I wouldn't take that.

Furthermore, he met my terms when I was willing to go back and he kept them, until these past months.

No, Dave. I've got to think out a lot more of the angles on Casper first. Casper does need rebuilding though, doesn't it? I think it's gotten into much worse shape since the war than anyone seems to realize. Still it's a backbreaking chore to get such a scattered and loose-jointed giant trained into fighting shape, isn't it?

DAVIS: Well, what about the two offers you mentioned earlier. What have they got?

SHORT: You'll laugh when I tell you about the first one. Annual sales are barely over $10 million a year. Isn't that something, when both Hudson and Casper's sales run over $300 million a year?

Still they made it awfully attractive for me personally. And for my family, too. It's the M. B. Madison Co. You know the wonderful country club location they have built for themselves—well out in one of the nicest unspoiled suburbs in the whole metropolitan area? I could live a country life—and you know I like the country—and not have more than a pleasant 20-minute drive to and from the office. I could live with my family once more, which I haven't been doing these past four or five years while I've put in about twelve hours a day trying to pull those divisions out of the red. My boy and girl are in college now, but if my wife and I don't make every opportunity to see as much of them as possible while we can it will soon be too late.

I owe something to my wife in all this. We were close together in Europe and nearly as much so when we went South. But since this last deal got under way she must think I'm beginning to resemble J. G. She hasn't said much, but I know how she looks at the way those two have lived their lives. Our years in Europe gave us a lot of interests that I've had to neglect recently. There really isn't much point in working yourself like J. G. does, especially since they tax it away nearly as fast as you can make it.

I'll never get her to make the choice, and I wouldn't want her to, but the M. B. Madison setup is closer to what we both feel makes all-around sense than anything I've got in sight. Let me tell you a bit more about it.

The presidency is opening soon and that is what they're offering me. The salary is $40,000 with a profit-sharing arrangement which I figure could make me an additional $30,000 after the two or three

years we would need in which to substantially increase their sales. There is a capital-gains opportunity through an option on 5 per cent of their total stock which is attractive. The stock is low currently but has a growth potential that I believe could triple its price before I needed to sell—all in all, I see almost a quarter million dollar gain between the buying and selling price. The pension possibility for me is limited, and I'll have to build my own estate along the other lines.

The salary drop is severe, especially over the next five years, so money-wise I have to balance the near-term versus the long-run considerations in this offer against the immediate gains in the other openings.

Probably I'd have a freer hand in that organization because of its size, for one thing. In a year I'd know its people as well—maybe better—than I do my own now. Its officers are decent people; the company has an excellent reputation for its business standards. It's one of the oldest in our line and I'm confident there is a fine base for doubling its share of the market. Most of all, right now, I'd be on my own again, and the directors who have talked with me are ready to accept any reasonable conditions I want to set in regard to running my own show.

It's a temptation all right: the country, my wife and family once more, a sure chance to make a good record and a dependable nest egg—all without killing myself as I have been doing.

DAVIS: What about the other offer?

SHORT: It's another presidency, after a year. I'll go in as executive vice-president at $60,000, which will go up somewhere around $80,000 when I take over the president's office. There is a bonus which runs around 10 per cent of the salary each year. The pension would enable me to retire with $30,000 annually from that source alone. The stock-option proposal is a complicated formula but it works out so that I can buy stock on a basis which virtually assures me of doubling my money, and if the stock increases further in value I would secure that additional increment.

From a financial angle it would be hard to beat from my point of view. The salary and bonus are a reduction from what I'm getting now, but about three years ago I found that the huge bonus I got that year melted down to just a few thousand dollars after the treasury took its bite. As a matter of fact, I bought tax anticipation warrants

with what was left simply to remind myself that a big bonus often doesn't mean a thing.

It's the Martin Brachall Company. A fine old reputable concern with a name for honesty and integrity—a factor that appeals to me more and more as time passes. All the officers are gentlemen. I've known many of them for years, and I've admired the atmosphere of good will and co-operation they work in. They know what teamwork means, and it is an asset I am definitely counting on when I estimate what I can do for the company.

They have a line of staple products, some of them virtual monopolies, not only because of world-wide consumer preference and brand prestige, but also because of entrenched marketing arrangements. As an old marketeer, I have a deep hunch that there is a tremendous potential, both in the company's position as well as in its products, that is ready for a long-pull expansion. The stock is closely held and hasn't missed a dividend in over two generations. The financial standing is gilt-edge. Actually all that is needed is a period of concentration on promotion and sales—the very kind of assignments I've handled successfully three times straight at Hudson. Sales are running close to $30 million annually and I can see a dozen ways to begin lifting that figure nearly 10 per cent a year.

DAVIS: I can't tell whether the Madison Co. or the Brachall Co excites you the most. Aren't there any catches in the last one?

SHORT: That's the question, Dave, I asked myself after my confidential talk with Mr. McKee (president of Brachall Co.). I'm sure there is, but I haven't found it yet, and I've gone over it a dozen times. All I've found, in fact, are some more plusses. Their offices occupy part of their own building—which leaves room for a convenient expansion. It is in the part of town I like best. It's very handy for me to reach from where we live now—and where we're really taking roots in the community at last. Even the president's office has exactly the view I like best in all the city, and it combines with an executive office layout that creates a mood in which I feel good and do good work. Maybe I'm oversensitive to such things just now, and perhaps it's silly to mention it, but I'll bet there are a lot of similar hidden considerations that lie deep in these kinds of decisions. I'm only trying to look at mine, and to me the building location and the offices I'll occupy are a clear plus.

DAVIS: Is it any use to look over the draft proposals I've got from Casper for you?

SHORT: I don't see why. At least not this evening, Dave. It's getting late and I've got a lot of thinking and deciding to do this week end. I know the gist of the proposition: they will write me a better ticket financially than I can get anywhere else.

DAVIS: They'll go further than that. They're ready to . . . .

SHORT: *(Interrupting.)* I know a big organization, Dave. I know what they can and can't deliver. Money they can—the rest is only a chance to try to turn a whale around. Maybe I'll want to—it's the kind of animal I'm most familiar with. Maybe these smaller organizations are simply "greener pastures" to me right now. I'm grateful to Casper—perhaps I ought to say, to you; because you're probably the prime mover here—but it's good for my morale, coming from my friends the enemy.

Short arose, "Thanks for the evening, Dave. I did all the talking but I've found that helps clear up my thinking a lot if I find someone who is able to listen. Somebody beside my wife, that is. I didn't want to pour all this out to her without a preliminary run-through on you, you see, because this time, she's more thoroughly involved than in any other single decision in my whole business career. This time her opinion isn't what I need. I want her to say frankly what kind of life she would like a part of for the next 15 years—from there on it's up to me to make the choice that meets her wishes, and mine too. Doesn't that make sense to you?"

Davis smiled, "It makes sense to me all right, but I'm not the one you have to make sense to from here on.

"Good luck, and call me up any time I can be of use again."

James A. Short was born in Minnesota in 1903; worked part of his expenses off in going through college and was graduated from the University of Iowa in 1924 with Phi Beta Kappa honors. He had majored in Business Administration and specialized in Accounting. He married in 1925. In 1933, after it was clear that children of their own would not be forthcoming, he and his wife adopted two babies, a boy and a girl, born eight days apart.

Mr. Short began work in 1924 as a cost accountant for a firm in Chicago that was merged with several others in 1927 to create the

Hudson Corporation. His work with company figures soon disclosed to him that progress upward in the ranks of management was slow in his department and was most rapid then in Foreign Sales. He requested a transfer to that department which was effected in 1931. The years 1926-31 were spent in Domestic Sales to prepare for entrance into Foreign Sales.

From 1931 into 1939 he was briefly sales manager for, and then general manager of, the Austrian subsidiary of Hudson Corporation. During his managership sales increased from approximately $100,000 a year to more than $5 million. The outbreak of war terminated operations in Austria and Mr. Short returned to the American headquarters of Hudson Corporation, now substantially larger, and located in the New York metropolitan area. Shortly thereafter he was sent South to liquidate an old-line subsidiary of Hudson that had defied years of effort to make profitable. Close attention to its accounts suggested ways in which money could be saved. These were instituted by Mr. Short and, together with increased sales, produced results that led the president of Hudson to encourage Mr. Short to continue his efforts. Between 1940 and 1943 sales rose from $5 million to $7½ million, though net profits rose much more steeply.

Mr. Short was called back to headquarters in 1943 and made assistant to the president with the title of vice-president. He was given trouble-shooting assignments throughout the whole corporation —a position he quickly grew to dislike. He requested, on several occasions, some definite responsibilities on which he could make his own record, pointing out that if he found trouble when dispatched on such missions it made other vice-presidents look bad, whereas if he did not, it made him look bad. Once or twice he was dissuaded from pushing his request, thereafter it was agreed to, but fulfillment was frequently postponed. Mr. Short, at this point, resigned abruptly and worked for the two years, 1945–46, with a smaller concern in the same industry which was only obliquely a competitor of Hudson.

Upon his return to Hudson in 1946, which was negotiated with Mr. J. G. Connell, Mr. Short was made vice-president of the whole company and soon thereafter executive vice-president and, in addition, was given direct responsibility, in 1948, for the two most difficult divisions in the corporation. Mr. Short began his conversation with Mr. Davis over events that derived from that assignment.

From *THE IDES OF MARCH**

by

THORNTON WILDER

Excerpts from "Caesar's Journal-letter to Lucius Mamilius Turrinus on the Island of Capri."[1]

* * * * * * * *

I enclose in this week's packet a half-dozen of the innumerable reports which, as Supreme Pontiff, I receive from the Augurs, Soothsayers, Sky Watchers, and Chicken Nurses.

I enclose also the directions I have issued for the monthly Commemoration of the Founding of the City.

What's to be done?

I have inherited this burden of superstition and nonsense. I govern innumberable men but must acknowledge that I am governed by birds and thunderclaps.

All this frequently obstructs the operation of the State; it closes the doors of the Senate and the Courts for days and weeks at a time. It employs several thousands of persons. Everyone who has anything to do with it, including the Supreme Pontiff, manipulates it to his own interest.

One afternoon, in the Rhine Valley, the augurs of our headquarters forbade me to join battle with the enemy. It seems that our sacred chickens were eating fastidiously. [They were] crossing their feet as they walked; they were frequently inspecting the sky and looking back over their shoulders, and with good reason. I too on entering the valley had been discouraged to observe that it was the haunt of eagles.

*New York: Harper & Brothers Publishers, 1948; pp. 5-9, 13-14, 34-35, 183-84, 237-39. Copyright, 1948, by Thornton Wilder. Reproduced by permission of the author and of the publisher. The author's preface explains that the book is ". . . a fantasia on certain events and persons of the last days of the Roman republic . . . documents . . . from the author's imagination . . . a suppositional reconstruction. . . ."

[1] (AUTHOR'S NOTE) "This journal-letter was maintained from the time the recipient was captured and maimed by the Belgians in 51 [B.C.] to the Dictator's [Julius Caesar's] death. . . ."

We generals are reduced to viewing the sky with a chicken's eyes. I acceded for one day, though in my capability of surprising the enemy lay one of my few advantages, and I feared that I would be similarly impeded in the morning. That evening, however, Asinius Pollio and I took a walk in the woods; we gathered a dozen grubs; we minced them into fine pieces with our knives and strewed them about the sacred feeding pen. The next morning the entire army waited in suspense to hear the will of the Gods. The fateful birds were put out to feed. They first surveyed the sky emitting that chirp of alarm which is sufficient to arrest ten thousand men; then they turned their gaze upon their meal. By Hercules, their eyes protruded; they uttered cries of ravished gluttony; they flew to their repast, and I was permitted to win the Battle of Cologne.

Most of all, however, these observances attack and undermine the very spirit of life within the minds of men. They afford to our Romans, from the street sweepers to the consuls, a vague sense of confidence where no confidence is and at the same time a pervasive fear, a fear which neither arouses to action nor calls forth ingenuity, but which paralyzes. They remove from men's shoulders the unremitting obligation to create, moment by moment, their own Rome. They come to us sanctioned by the usage of our ancestors and breathing the security of our childhood; they flatter passivity and console inadequacy.

I can cope with the other enemies of order: the planless trouble making and violence of a Clodius; the grumbling discontents of a Cicero and a Brutus, born of envy and fed on the fine-spun theorizing of old Greek texts; the crimes and greed of my proconsuls and appointees; but what can I do against the apathy that is glad to wrap itself under the cloak of piety, that tells me that Rome will be saved by overwatching Gods or is resigned to the fact that Rome will come to ruin because the Gods are maleficent?

I am not given to brooding, but often I find myself brooding over this matter.

What to do?

At times, at midnight, I try to imagine what would happen if I abolished all this; if, Dictator and Supreme Pontiff, I abolished all observation of lucky and unlucky days, of the entrails and flights of birds, of thunder and lightning; if I closed all temples except those of Capitoline Jove.

And what of Jove?

You will hear more of this.

Prepare your thoughts for my guidance.

The next night.

[The letter continues in Greek.]

Again it is midnight, my dear friend. I sit before my window, wishing that it overhung the sleeping city and not the Trasteverine gardens of the rich. The mites dance about my lamp. The river barely reflects a diffused starlight. On the farther bank some drunken citizens are arguing in a wine shop and from time to time my name is borne to me on the air. I have left my wife sleeping and have tried to quiet my thoughts by reading in Lucretius.

Every day I feel more pressure upon me, arising from the position I occupy. I become more and more aware of what it enables me to accomplish, of what it summons me to accomplish.

But what is it saying to me? What does it require of me?

I have pacified the world; I have extended the benefits of Roman law to innumerable men and women; against great opposition, I am extending to them also the rights of citizenship. I have reformed the calendar and our days are regulated by a serviceable accommodation of the movements of the sun and the moon. I am arranging that the world be fed equably; my laws and my fleets will adjust the intermittence of harvests and surplus to the public need. Next month torture will be removed from the penal code.

But these are not enough. These measures have been merely the work of a general and of an administrator. In them I am to the world what a mayor is to a village. Now some other work is to be done, but what? I feel as though now, and only now, I am ready to *begin.* The song which is on everyone's lips calls me: father.

For the first time in my public life I am unsure. My actions have hitherto conformed to a principle which I may call a superstition: I do not experiment. I do not initiate an action in order to be instructed by its results. In the art of war and in the operations of politics I do nothing without an extremely precise intention. If an obstacle arises I promptly create a new plan, every potential consequence of which is clear to me. From the moment I saw that Pompey left a small portion of every venture to *chance,* I knew that I was to be the master of the world.

The projects which now visit me, however, involve elements about which I am not certain that I am certain. To put them into effect I must be clear in my mind as to what are the aims in life of the average man and what are the capabilities of the human being.

Man—what is that? What do we know of him? His Gods, liberty, mind, love, destiny, death—what do these mean? You remember how you and I as boys in Athens, and later before our tents in Gaul, used to turn these things over endlessly. I am an adolescent again, philosophizing. As Plato, the dangerous beguiler, said: the best philosophers in the world are boys with their beards new on their chins; I am a boy again.

But look what I have done in the meantime in regard to this matter of the State religion. I have bolstered it by re-establishing the monthly Commemoration of the Founding of the City.

I did it, perhaps, to explore in myself what last vestiges of such piety as I can discover there. It flatters me also to know that I am of all Romans the most learned in old religious lore, as my mother was before me. I confess that as I declaim the uncouth collects and move about in the complicated ritual, I am filled with a real emotion; but the emotion has no relation to the supernatural world: I am remembering myself when at nineteen, as Priest of Jupiter, I ascended the Capitol with my Cornelia at my side, the unborn Julia beneath her girdle. What moment has life since offered to equal that?

Hush! There has just been a change of guard at my door. The sentries have clashed their swords and exchanged the password. The password for tonight is CAESAR WATCHES.

* * * * * * * *

I am accustomed to being hated. Already in early youth I discovered that I did not require the good opinion of other men, even of the best, to confirm me in my actions. I think there is only one solitude greater than that of the military commander and of the head of the state and that is the poet's—for who can advise him in that unbroken succession of choices which is a poem? It is in this sense that responsibility is liberty; the more decisions that you are forced to make alone, the more you are aware of your freedom to choose. I hold that we cannot be said to be aware of our minds save under responsibility and that no greater danger could befall mine than that it should reflect an effort to incur the approval of any man, be it a

Brutus or a Cato. I must arrive at my decisions as though they were not subject to the comment of other men, as though no one were watching.

And yet I am a politician: I must play the comedy of extreme deference to the opinion of others. A politician is one who pretends that he is subject to the universal hunger for esteem; but he cannot successfully pretend this unless he is free of it. This is the basic hypocrisy of politics and the final triumph of the leader comes with the awe that is aroused in men when they suspect, but never know for certain, that their leader is indifferent to their approval, indifferent and a hypocrite. What?—they say to themselves—: what? can it be that there is absent from this man that serpent's nest which is lodged within us all and which is at once our torture and our delight—the thirst for praise, the necessity of self-justification, the assertion of one's self, cruelty, and envy? My days and nights are spent amid the hissing of those serpents. I once heard them in my own vitals. How I silenced them there I do not know, though the answer to that question, as put to a Socrates, exceeds all other questions in interest.

It is not by reason of such serpents' nests, I think, that I am hated by a Marcus Brutus, a Cato, and by this poet [Catullus]. It is indeed from their minds that they hate me and from their views of government and freedom. Even if I brought them up to the place I hold and showed them the world stretched out as one can only see it from here; even if I could split open my skull and show them the experience of my lifetime, so many hundredfold closer to men and government than theirs has been; even if I could read with them, line by line, the texts of the philosophers to whom they cling, and the histories of the countries from which they draw their examples; even then I could not hope to clear their eyes. The first and last school-master of life is living and committing oneself unreservedly and dangerously to living; to men who know this an Aristotle and a Plato have much to say; but those who have imposed cautions on themselves and petrified themselves in a system of ideas, them the masters themselves will lead into error. Brutus and Cato repeat liberty, liberty, and live to impose on others a liberty they have not accorded to themselves—stern, joyless men, crying to their neighbors: be joyful as we are joyful; be free as we are free. . . .

* * * * * * * *

Even as a young man, Lucius, you possessed an unerring eye for the Inevitable Occasion and the Inevitable Consequence. You wasted no time in wishing that things were otherwise. From you I learned, but slowly, that there are large fields of experience which our longing cannot alter and which our fears cannot forfend. I clung for years to a host of self-delusions, to the belief that burning intensity in the mind can bring a message from an indifferent loved one and that sheer indignation can halt the triumphs of an enemy. The universe goes its mighty way and there is very little we can do to modify it. You remember how shocked I was when you let fall so lightly the words: "Hope has never changed tomorrow's weather." Adulation is continually assuring me that I have "accomplished the impossible" and "reversed the order of nature"; I receive these tributes with a grave inclination of the head, but not without a wish that the best of my friends were present to share with me the derision they deserve.

I not only bow to the inevitable; I am fortified by it. The achievements of men are more remarkable when one contemplates the limitations under which they labor.

The type of the Inevitable is death. I remember well that in my youth I believed that I was certainly exempt from its operation. First when my daughter died, next when you were wounded, I knew that I was mortal; and now I regard those years as wasted, as unproductive, in which I was not aware that my death was certain, nay, momently possible. I can now appraise at a glance those who have not yet foreseen their death. I know them for the children they are. They think that by evading its contemplation they are enhancing the savor of life. The reverse is true: only those who have grasped their nonbeing are capable of praising the sunlight. I will have no part in the doctrine of the stoics that the contemplation of death teaches us the vanity of human endeavor and the insubstantiality of life's joys. Each year I say farewell to the spring with a more intense passion and every day I am more bent on harnessing the course of the Tiber, even though my successors may permit it to expend itself senselessly in the sea. . . .

* * * * * * * *

By the immortal Gods, I am angry and I shall take pleasure in my anger.

The charge that I am the enemy of liberty was never brought against me while I commanded the armies of Rome, though, by Her-

cules, I so limited their movements that they could not walk a mile from their tents. They rose in the morning when I told them to and they lay down to sleep at my direction; and no one protested. The word freedom is in everyone's mouth, though in the sense that it is being used no one has ever been free or ever will be free.

In the eyes of my enemies I sit clothed in the liberties which I have stolen from others. I am a tyrant and they liken me to the potentates and satraps of the East. They cannot say that I have robbed any man of money, of land, or of occupation. I have robbed them of liberty. I have not robbed them of their voice and their opinion. I am not oriental and have not kept the people in ignorance of what they should know, nor have I lied to them. The wits of Rome declare that the people are weary of the information with which I flood the country. Cicero calls me the Schoolmaster, but he has not charged me with distorting my lessons. They are not in the slavery of ignorance nor under the tyranny of deception. I have robbed them of their liberty.

But there is no liberty save in responsibility. That I cannot rob them of because they have not got it. I have never ceased from placing before them the opportunity to assume it, but as my predecessors learned before me, they know not where to grasp it. I rejoice at the extent to which the outposts of Gaul have shouldered the burdensome freedom which I have accorded them. It is Rome which has been corrupted. The Romans have become skilled in the subtle resources for avoiding the commitment and the price of political freedom. They have become parasites upon that freedom which I gladly exercise—my willingness to arrive at a decision and to sustain it—and which I am willing to share with every man who will assume its burden. I have been watching my Praetors [Cassius and Brutus]. They fulfill their duties with clerklike diligence; they mutter "freedom, freedom," but not once have they raised their eyes and voices toward a greater Rome. On the contrary, they have laid before me sheaves of suggestions that would at the same time reinforce their little dignity and diminish Her greatness. Cassius wishes me to silence the enthusiasts who day by day in public places rail against me and our edicts. Brutus wishes to safeguard the purity of our Roman blood by limiting the right to citizenship. By the immersions of Castor and Pollux, his African doorman knows better than that. That is the refusal of freedom, for it is by taking a leap into the unknown that we know we

are free. The unmistakable sign of those who have refused their freedom is envy; it is the jaundice of the eye that cannot rest until it has ascribed base motives to those who do not receive but who make their freedom.

But I have reminded myself that the mind is free and my anger has passed. The mind is easily wearied and easily frightened; but there is no limit to the pictures it makes; and toward those pictures we stumble. I have often remarked that whereas men say there is a limit beyond which a man may not run or swim, may not raise a tower or dig a pit, I have never heard it said that there is a limit to wisdom. The way is open to better poets than Homer and to better rulers than Caesar. No bounds have been conceived for crime and folly. In this also I rejoice and I call it a mystery. This also prevents me from reaching any summary conclusion concerning our human condition. Where there is an unknowable there is a promise.

* * * * * * * * *

ARTHUR N. COLEMAN*

In the spring of 1939 Mr. Arthur N. Coleman,[1] president of Barrington Brothers, a leading department store in a large eastern city, was facing a major decision. For some time both he and his fellow chief executives had been questioning the wisdom of his giving so much of his time to activities outside of the business. What with increasing costs, new government regulations, pressure by trade unions for higher wages, on the one hand, and price consciousness on the part of consumers, on the other hand, the business had a difficult road to steer.

Mr. Coleman was, indeed, carrying a heavy load in outside activities, serving in a directive capacity in many civic, educational, and philanthropic agencies. He was one of the men to whom people naturally turned when some new communal undertaking was to be launched.

Looking back on his career (he was now well in his 60's), it struck Mr. Coleman forcibly that the growth in his civic responsibilities had proceeded *pari passu* with the growth in his business responsibility. As the business had become larger, better established, and more successful, he had found himself involved in an ever-widening circle of communal activities. Initially, they had been limited to his own city; later, he had been asked to participate in programs involving the state, and, beginning with the First World War, he had been drawn into activities of national and international range, which, accordingly, centered in Washington.

In assessing the pros and cons of his current problem, therefore, Mr. Coleman sought to retrace the development of his business career, and the manner in which that very development had drawn him into civic activities. It was at the turn of the century that Mr. Coleman had faced the first large decision regarding his "lifework." He had grown up in a relatively small city in western Pennsylvania, where his father had operated a successful steel mill. At 28 he had married the daughter of a textile manufacturer. Both his father and his father-in-law urged him to enter their respective businesses. There was, of course, an element of paternal affection in this desire to have son and daughter stay at home, but there was also a recognition that young Coleman gave promise of be-

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[1] All names have been disguised.

coming an alert and forceful businessman. Prior to his marriage he had worked for his father—first in the mill management and later in its sales promotion, traveling about the country to establish better outlets for the company's products. After his marriage, he agreed to try out, similarly, working in his father-in-law's company. But at the end of two years, he found himself dissatisfied; he wanted to be on his own.

Of one thing he was sure: business was definitely his career. Always, he reminisced now, he enjoyed the procedures that went into the conduct of a business enterprise; he liked to work with human beings—whether workers, customers, neighbors, investors, or bankers; he felt that all the groups of the community were somehow so integrated in a business enterprise as to give its managers a satisfactory outlet not only for the making of money (in which he always admitted his interest) but also in exercising a position of leadership. Moreover, it gradually became his judgment that in these requirements seemed to lie a series of interrelations between business and the community.

Casting about for a new business association, Mr. Coleman, unlike the young men who took Horace Greeley's advice, went east. He decided to locate in an eastern city which he had visited a number of times in the interest of his father-in-law's business. It was the center of a large metropolitan area in which lived some two million people. The company which he entered in 1905 was then at the point of expanding from a small-scale retail dry goods establishment it had maintained since the 80's into a department store. It had acquired a new site and was in the process of erecting a new building. The founders naturally were looking for promising men who would bring both capital and managerial ability into the growing organization. They had known Mr. Coleman through previous social and commercial relationships. After conference and negotiation, they invited him to join the new department store, which became known as Barrington's.

Mr. Coleman applied himself to the study of department store organization. He studied the resources from which the store had bought its merchandise, as well as the methods of buying, and the relationship between buyers and resources. He studied the advertising policy of the company—the sort of appeal it made to the customers of the community; he studied methods of stock control. But almost from the start he and his partners determined that in a business like retail distribution much more than technical business *expertise* was required. True, they

agreed, the quality of goods and services the store would offer must form the base of its growth and prosperity. But the quality of the "social system" (they called it the quality of "institution") which it would constitute in itself, and its relations to the larger "social system" which it served, must also influence the community's response to the store as a distribution agency.

Accordingly, they evolved gradually a set of principles to guide development along each of these lines.

I. The store, in relationship to its employees, would:

1) Accord first importance to the development and continuity of its leadership group.

2) Eliminate all possibility of nepotism in the recruiting of this group by agreement among the founding partners that no children any of them might have would ever be employed in the store.

3) Assure promotion by merit from the staff by selecting junior executives, not only for their qualifications to carry the immediate job for which they were considered, but also for their probable capacity to grow and so move on to higher executive posts.

4) Establish from the start personnel as a function of equal and coordinate rank with the other major functions into which the administration of the business was to be divided: i.e., personnel, finance, store operation, and merchandising. Each of the four partners assumed charge respectively of one of these functions; Mr. Coleman, of the last.

5) Canalize employee interest and participation through some form of store-wide organization.

At the time, 700 people were employed in the store, and if development plans advanced favorably it was expected that this number would steadily increase. (In 1939 it was over 3,000). The employees' organization which was launched—the Barrington Mutual Association—became one of the first company unions established in the country. It administered various welfare benefits (sick payments, savings, loans), social activities, and methods for adjusting grievances. Provision for arbitration by outside disinterested individuals to be appointed by the employees and the management was also incorporated into its constitution in the event that any grievance could not be adjusted within the store by representatives of both sides.

II. The store, in relationship to its resources, would:

1) Formulate a code for dealings with salesmen and other representatives of wholesalers or jobbers by which they would obtain treatment as courteous as that extended to customers of the store. Among other things, this code projected meetings arranged as far as possible by appointment and in office space especially set apart for such meetings.

2) Establish as company policy, to be transmitted as instructions to buyers, that fair dealing must control negotiation with people from whom merchandise was bought.

3) Limit purchases, as a matter of explicit policy, to manufacturers and wholesalers who dealt fairly with labor, who paid whatever might be the minimum wages established by the community, and who observed such laws and customs as might be established to govern human relations within their respective businesses. [As sweatshops at the time existed in many industries supplying clothing and dry goods, the decision to exclude their products from Barrington's constituted a pioneering social policy.]

III. The store, in relationship to its customers, would:

1) Maintain both in advertising and in selling a policy of scrupulously truthful promotion.

2) Seek community leadership both in merchandising and in service, by supplying always standard and, whenever possible, superior merchandise and by being alert to changes in style and fashion in order that customers might receive the immediate benefit of such changes.

3) Seek a reasonably steady volume of sales throughout the year (with due allowance for such exceptional seasons as Christmas and Easter) by avoiding the constant stream of "unusual bargain" sales and by emphasizing instead a reasonable price for good merchandise and service throughout the year.

4) Develop services as customer demand for them appeared, while making it always clear that these services cost money and, accordingly, would have to enter into selling price.

5) Establish a special "bargain" department for distress and odd-lot merchandise, where goods would be sold at much lower prices than in the rest of the store, on the distinct understanding with the customer that this department offered neither the same quality nor selectivity as did other parts of the store and would not extend such services as delivery,

credit, individual selling, etc. [Shortly after this plan was formulated, the basement was made the locale of this department.]

For something over two years after Barrington's moved to its new location in 1905 and drew up its code of business practice (which was submitted to periodic assessment and revision), community response proved sluggish. Three obstacles seemed particularly serious: (1) the prevailing retail practice of repeated "general store sales" and exaggerated advertising, with its correlative *caveat emptor* against which Barrington's merchandise policies appeared undramatic; (2) the prevailing indifference to individual company responsibility for the welfare of labor and the interest of resources, which often made Barrington's rejection of goods manufactured under substandard conditions an adverse differential cost; (3) the need for capital to tide over the interval in which the consumer response the partners confidently expected would develop. This last problem at one time became acute, when the local banks turned down the management's request for a large loan. The banks explicitly related their decision to the "social policies" of the store, which they termed either too "advanced" or too "impractical" for contemporary business realities and, consequently, for the safety of the loan. In this emergency the partners raised $1,000,000 from various sources. By 1908 they saw their volume of sales begin its upward movement, and by 1912 Mr. Coleman and his partners felt the business was securely grounded and growing. Indeed, until the depression of the 30's, growth was uninterrupted, and Barrington's became one of the largest and most successful stores of its kind in the world.

Whether their favorable business situation in 1912 influenced the partners, or (as they claimed later) other factors also impelled them, each of them did in that year take on supra-store activities. Just as the store code formulated in 1905 grew out of experience and interests built up by the founders since the 80's, so the new work undertaken by each seemed to show correlations with his current store responsibilities. Thus the partner in charge of personnel, impressed by the problems of employee training, selection, and adjustment, became an important influence in the vocational guidance movement, in industrial education, in school reform, and in the effort to develop various forms of insurance adapted to workers' needs. The partner in charge of store operation found himself drawn into the chamber of commerce movement, the development of business research, and the stimulus of mass distribution by

minimum wages, low prices, and other sources of increasing consumer purchasing power. The partner handling finance and accounts soon was active in the consumer credit movement, the reform of small-loan law, and the organization of the Federal Reserve system. The widening interests of Mr. Coleman, as merchandise chief, seemed to gravitate naturally to the development of the local community from which the store drew its customers.

This focus of his attention was deepened as a result of his friendship with Barrington's attorney, a man already active in many social movements and soon to become an outstanding figure in our national life. One conclusion to which the latter had been led by his experience as a corporation lawyer was that many firms came to grief because they had neglected what might in general terms be called "social responsibility," both within and beyond their respective business. Urging this consideration upon Mr. Coleman, the attorney emphasized especially one piece of specific advice: "Should you come to the stage," he said, "when you are ready to participate in activities outside of your business, concentrate first upon your own community. Don't spread yourself thin. This community of two million people is big enough to occupy any man. Start with the simple, immediate things, and then only as your time and energy permit, branch out." The attorney even traced the implication of this advice to the subject of investments: "As you make money," he said, "don't invest it only in business. There are other enterprises of a civic, philanthropic, or educational nature in which you might well put part of your earnings. You will find that it will pay just as your straight business investments pay."

As he sought to apply this advice, Mr. Coleman determined to begin his community activity with the social agencies of the group to which he belonged by birth and tradition. He happened to be the son of an immigrant. His father was a "forty-eighter" who had come over with Carl Schurz when they had to flee from Germany after the revolutionary episode of 1848. From his father, and indeed from his whole childhood environment, he had obtained a deep-rooted, almost religious, belief in the characteristic values of American democracy and its superiorities in many respects over Europe's social systems. In American society, a civilization of immigrants and pioneers from the start, the healthy adjustment and integration of new arrivals remained a prime duty for citizens already established here, as these "forty-eighters" had seen the problem.

This faith, Mr. Coleman felt as he viewed his community, still seemed to retain its specific obligations and relevance. There were

among its inhabitants in 1912 immigrants and children of immigrants belonging to his own group (Mr. Coleman and the Barringtons were Jews), while each year further large numbers of foreigners were being added to the population, coming particularly from eastern Europe as they sought to escape economic hardship or political and social terrorism. For all these immigrant groups, his own included, the creation of organizations to tide new arrivals over initial difficulties in finding work, to make them familiar with American ways and thus to further their eventual absorption into American patterns of life, had deposited in each local community a number of independently functioning agencies. Mr. Coleman felt that a merger, or rather a federation, of these agencies would bring definite administrative, financial, and "social" gains. For one thing, charity or philanthropy might prove the needed cement for unifying this immigrant group itself, stratified as it was by prejudices and differences generated apparently by the European source and the arrival period of its constituents (those from western Europe arrived generally before the Civil War; those from central Europe between 1850 and 1880; and those from eastern Europe between the 80's and the First World War). So sharp was the sense of separateness that each constituent group within the whole even maintained its own social clubs and churches.

Perhaps the first joint activity of the agencies within his immigrant group came when Mr. Coleman invited representative men and women from each into a conference, which initiated a survey to evaluate the group's philanthropic and charitable agencies. Out of this survey emerged the outlines of a community reorganization. Existing group agencies were to be federated, and within the federation they were to be combined into various functional services, such as family welfare, child welfare, health services, neighborhood activities, camps, etc. Their aggregate budgets were to be provided each year out of funds raised through a single, concentrated campaign. Mr. Coleman took the chairmanship of the first campaign. Applying business methods which had been proved successful in merchandising and sales promotion, this federation campaign raised the "community funds" from its previous maximum of $50,000 for all the social agencies of the group to $250,000. From this initial fund, the annual campaign yielded almost steadily increasing amounts until in 1929 it provided $605,000 for its constituent agencies. The depression then cut the fund drastically, dropping it to a low in 1933 of roundly $400,000. But improved methods of coverage and organization overcame this decline, until in 1939 the group, now

composing some 80,000 individuals, raised, despite continued economic uncertainties, the highest fund in its history, $621,000.

Mr. Coleman felt that the annual effort had also achieved the group integration its original sponsors hoped from it. The planning of the campaign, which went on over a period of months, the recruiting of solicitors, the preparation of interpretive material, the meetings that were held in churches, fraternal associations, clubs, etc.—these had brought people together in a common purpose and effort that had gradually dissipated old antagonisms.

Mr. Coleman served as president of the board of trustees for the newly constituted federation during its formative years and as a board member until the depression of the 30's, when he again assumed the office of president.

In 1939, when he and his colleagues were evaluating his program, he was still president of the federation. But the intervening years had also drawn him into many other communal activities. One classification of such activities, he realized, represented a step-by-step amplification of his participation in the structure of local philanthropy; the second had extended into the cultural and educational activities of the city; the third, reaching into economic and industrial relations, had brought him into national programs.

Reports from the local philanthropic agencies had early impressed Mr. Coleman with the important role of sickness in family problems and breakdowns. In his city as a whole, 50 per cent of the problems and 60 per cent of the services the agencies handled related to health. Even on the average, his city showed a loss of almost eight days per person each year from illness, while about one-third of the whole population suffered some sickness, entailing bed care of from one day to an entire year. Moreover, about $140 of the average family income went to pay the costs of this sickness, though the range even in the lowest income group might involve charges of $500 or over. Confronted by such figures when asked to serve on the board of one of the local hospitals, Mr. Coleman decided that both communal and long-term business considerations counseled acceptance. He learned that, as in other large cities, his own city contained, in respect of medical care and education, institutions ranking both among the best and the worst in the field. Accordingly, when the immigrant group of which Mr. Coleman was a leader, undertook to organize a new hospital, he insisted that it must meet the standards of health service and medical education of grade A hospitals. This

proved a costly undertaking for an immigrant group to assume, but Mr. Coleman stoutly and persistently backed the professional staff when it enforced such standards and sought the relatively large funds they demanded. Both a measure of and a check upon the unswerving maintenance of high standards was obtained when the hospital became one of the teaching clinics of a medical school in the community. The hospital, Mr. Coleman felt, thus fulfilled a definite social need in the community. Of course, it offered high standard medical service to the acutely sick. But even more, it enabled the physicians who were immigrants or sons of immigrants to receive the best possible training, to conduct a research and teaching center where they could keep abreast of developments in their science, to bring to their patients in the community the best knowledge and equipment available. Finally, since its staff participated in a large variety of conferences and committees, the hospital also served as one more agency promoting collaborative relations with other groups in the community.

This last function was even more broadly served by the "community chest," in the formation of which in his city Mr. Coleman took an active part in 1931. This term has been used to describe a co-ordinated method of raising funds through one campaign for a city-wide federation of social agencies which met defined standards of work. The depression had aggravated the problem of financing the individual social services by means of the traditional method of each agency's raising its own funds. When the community chest was established, it was hoped its techniques would broaden the base of community support. Though Mr. Coleman felt the weight of this financial consideration, two further aims of the chest led him to give it his time and support and accept the office of vice-president. Better community planning should be achieved when all the federated agencies could contribute to improving methods of administration, work out sounder evaluation of services, promote adjustments to meet new needs, and effect modifications as certain functions became obsolete. And, finally, he thought again, such community organization could bridge the group separateness created by varying interests, traditions, and customs. Among the participants in a community chest campaign he noted employers and employees; trade unions and employers' associations; the wealthy, the comfortable, and the poor; Jews, Catholics, and Protestants; Italians, Poles, Irish, Scotch, Scandinavians, Armenians, Negroes, Chinese, Czechs, Russians, Germans, and all the other various ethnic groups that go to make up a typical American com-

munity. They campaigned together, then met every day at luncheon meetings or committee meetings, where spokesmen for college professors, physicians, lawyers, accountants, carpenters, hod carriers, police officers, firemen, stenographers, salesclerks, and so on gave their "team reports."

Of a somewhat different nature, but certainly important in the development of a sound community life on the American pattern, Mr. Coleman regarded the public library. Accordingly, when asked to accept appointment to the board of trustees of the library system in the community, after a worried glance at his calendar, he accepted. The board met regularly every other Friday afternoon and Mr. Coleman made it his business to attend these meetings even though they might conflict with direct business responsibilities. He also served at various times as chairman of the board. In this same way other invitations came to Mr. Coleman, and, while he turned a good many down, some he felt impelled to accept. Thus, for instance, he accepted membership on the visiting committee of a near-by university.

Besides such continuing responsibilities, he also accepted occasional invitations to speak before business and professional groups. Some of these opportunities he utilized to articulate the philosophy which induced him, as a businessman, to give so much time to activities with little direct bearing upon his responsibility in Barrington's. He disavowed any primary desire "to do good." He was, of course, disturbed by poverty, disease, or any other factor which made for human suffering. But if such concerns might have persuaded him to contribute generously to civic and philanthropic enterprises, or even to give them some service, he would never have spent so much time or money as he did were only a charity or civic obligation involved. Instead he saw these community activities as "good business." Enduring success for any firm, he said, hinged upon two groups—its customers and its workers. Business had to have efficient, healthy workers in order to be able to turn out the product or render the service it sold to its customers. Similarly it had to have customers who were healthy, progressive, ambitious, desirous of attaining a steadily rising standard of living. But business could recruit such workers and customers only from a community so organized and functioning as to develop them. This demanded within the community a variety of institutions and services that would furnish satisfactory outlets, protections, and opportunities to its citizenry. Business and industry alone obviously could not supply these services. The job played an ad-

mittedly important part, but an employee spent more of his life outside than within the factory or shop. Libraries, hospitals, schools, social agencies, camps, recreational facilities—such institutions helped to promote among large numbers normal family life, richer associations in community and neighborhood, a sense of "belonging" despite the impersonality of modern communal life.

But if business could not in and by itself provide such communal agencies, their maintenance, Mr. Coleman urged, did appear a major responsibility of businessmen. For in a capitalist democracy businessmen represent, so to speak, the custodians of our economic institutions. Unlike primitive societies on the one extreme, and modern totalitarian states on the other, where the whole communal life is subject to vigorous regulation, democracy, in exchange for the freedom it extends, can and does justifiably place large responsibilities upon the individuals manning its key economic positions. Since livelihood, income, and family support depend upon jobs, obviously businessmen who run the factories or stores that give the jobs stand at the very top level of this responsibility. Two further characteristics of modern capitalistic society implement their responsibility. Numbered as they are among its chief beneficiaries, they constitute a large percentage of the upper income brackets and so possess the means to support the communal services. Moreover, since success in business has represented one of the prizes most valued in modern capitalistic society, the community has spontaneously looked to businessmen for leadership. In sum, then, Mr. Coleman would conclude, these considerations add up to such an extra-business calendar as he and some of his fellows carried. Enlightened self-interest urged upon businessmen an active role in creating, supporting, and administering the variety of voluntary institutions and services which constitute the modern American community.

This underlying approach, indeed, impelled Mr. Coleman to back not only communal institutions enjoying general endorsement but also some that were the targets of violent disagreement concerning the validity of their aims and methods. One such institution was trade unionism. In this case, too, he was able to claim for his attitude a grounding in practical experience. During the First World War he had served in the Procurement Division of the War Department. His *expertise* in judging "goods" was known to the Secretary of War, and Mr. Coleman agreed to spend three days a week in Washington away from his business to further the standardization of materials and products and the de-

termination of fair prices. In seeking to ascertain labor costs he had to meet many union officials. He grew to respect most of them both as men and as capable administrators. He also was impressed by their loyalty to American society. He began to feel that his previous attitudes had been colored emotionally by reports and discussions centering upon strike situations. His newly acquired contacts showed him how integral a function the trade union performed, despite the undoubted disruptions of industrial conflict. Comparable to the protections and outlets afforded by the neighborhood center or welfare agency, the trade union, too, in modern society gave the worker an instrument of self-expression and self-defense. Certainly organized labor did not stand alone as a "pressure group." He himself had been active in organizing trade associations, chambers of commerce, better business bureaus, merchants' associations, etc. Why should not workers also organize similar agencies appropriate to their needs? The test of social validity for all such organizations must lie in the degree to which members and leaders proved willing to temper immediate self-interest by long-range considerations of general welfare. In other words, in the long run the profits of business, the wages of employees, the purchasing power of customers were all interrelated and interdependent, and self-disciplined group organizations might represent the instruments for achieving a democratic social equilibrium with the least possible government coercion.

As workers pushed their efforts to organize after the war, Mr. Coleman found himself called upon time and again by union leaders to help present the case for "consent" collective bargaining. His prestige in the business world, as well as the buying power which Barrington's enjoyed, gave him easy entree into many manufacturing establishments where trade unions conducted organization campaigns after the war. He was often able to help these unions obtain recognition as bargaining agents. However, stubborn antiunion sentiments among businessmen, on the one hand, and rooted philosophies of conflict in certain unions, on the other, at times proved impossible barriers to hurdle. He soon perceived that his most notable accomplishments as mediator came when the union involved was one interested in the efficiency and success of the industry in which it sought to extend its recognition as collective bargaining representative. The chief officials of this union had over and again expressed the viewpoint that the high wages and good working conditions their union sought for its members could be maintained only if the industry and its constituent business units proved successful and profit-

able enterprises able to compete for their share of the consumer's dollar. Mr. Coleman saw these union officials lend expert assistance to firms in which they noted opportunity for improving factory layout, routing of work, training procedures, etc.

Though Mr. Coleman limited his community activities in the main to voluntary organizations, he participated in government activities during the First World War and the great depression. His experience during the war years has already been mentioned. During the 30's, he was again invited to serve in the national government and after March, 1933, he spent considerable time in Washington. He served or was serving on the Industrial Advisory Board of the NRA; on the various labor boards appointed by the President to deal with labor relations following Section 7A; on one of the boards created under the Fair Labor Standards Act; he also participated in more informal conferences and was consulted frequently by various officials.

As the 30's progressed, he thus found himself faced with two sets of increasing responsibilities. On the one hand, he was carrying a steadily growing load of government and voluntary civic activities. Many of the voluntary organizations, moreover, were feeling the pinch of the depression. Community chests everywhere faced falling revenues at the very moment that unemployment and other social maladjustments were greatly expanding the numbers coming to the constituent agencies for assistance. To promote understanding of their work and the need to maintain the voluntary structure of social service which had been built up in this country, the chests had created a "National Mobilization," in which Mr. Coleman co-operated each year. In his own community, of course, depression conditions demanded also especially strenuous efforts to push to their goals the annual campaigns conducted to raise funds for maintaining the program. The hospital of which he was president faced mounting annual deficits as contributions were reduced, while charges to paying patients had to be cut and increased provision had to be made for those who could pay nothing at all. National, state, and local government officials, struggling to find new revenue and keep new expenditures at reasonable levels, sought advice on fiscal policy from him, among other businessmen. His established interests in library and welfare services also made their demands upon his time.

But Barrington's, too, was feeling the pinch of depression and the impact of changing conditions. Dollar volume was falling while expenses were going up. The decentralization of retail purchasing, fur-

thered so steadily by the automobile and the suburb, Barrington's had been meeting since the 20's by the establishment of branch stores in outlying communities. But the depression had decreased the expenditures of these communities on clothes, and one of the branch shops had been losing money. A consent election under the NLRB had been won by the Barrington Mutual Association. But the store had always recognized the union in such departments as packing and delivery. Now restlessness was developing among sections of the workers who wanted both the special conditions of practically annual tenure, vacations with pay, sick benefits, etc., enjoyed by association members and the high unit wage rates the unions were establishing in the market. Social security payments were still an uncertain item in terms of cost. There was a question whether Barrington's could absorb such mounting costs. An agreement on styling and exclusive design in merchandise had created litigation. A proposed sales tax raised disturbing questions of effects on volume of sales. Customers were price conscious and were at the same time demanding more services in their own pressure for individual economy in household budgets. Enjoying a record of relatively high and steady dividends on common stock, Barrington's had been forced each year since 1932 to watch its dividend rate decline. During two of these years dividends had been paid from surplus, since earnings in themselves showed no profit. Finally, a sizable percentage of the current business volume came, it was felt, from government spending; how long this would continue was an uncertain factor.

Accordingly, Mr. Coleman had been asking himself with increasing insistence whether he should resign from all his outside responsibilities and concentrate his energies and time exclusively upon Barrington's. The consideration seemed to attain special weight from the fact that he was in charge of merchandising, which in all department stores constitutes the "dynamics" of the business. He therefore called a meeting of the three other chief executives to decide what should be his policy in the future.

QUESTIONS

1. What do you think of the competitive soundness and feasibility of the "principles" which the partners of Barrington Brothers set up for their organization? What would be involved, do you think, in getting these principles put into actual effect in day-to-day practice? For example, what would be involved in making sure that the store's many buyers would, in fact, extend "treatment as courteous as that extended to customers" to the many

salesmen who called at the store each business day? Or in making sure that the scores of advertisements and, perhaps, hundreds of display cards and posters which daily offered merchandise for sale were, *in fact,* "scrupulously truthful"?

2. If Mr. Coleman were to give up some, or all, of his community activities in order to spend more time on matters concerning the store, what, specifically, would you have him do? In what way would this advance the interests of the organization?

From *BEYOND GOOD AND EVIL**

by

FRIEDRICH NIETZSCHE

To refrain mutually from injury, from violence, from exploitation, and put one's will on a par with that of others: this may result in a certain rough sense in good conduct among individuals when the necessary conditions are given (namely, the actual similarity of the individuals in amount of force and degree of worth, and their co-relation within one organisation). As soon, however, as one wished to take this principle more generally, and if possible even as *the fundamental principle of society,* it would immediately disclose what it really is—namely, a Will to the *denial* of life, a principle of dissolution and decay. Here one must think profoundly to the very basis and resist all sentimental weakness: life itself is *essentially* appropriation, injury, conquest of the strange and weak, suppression, severity, obtrusion of peculiar forms, incorporation, and at the least, putting it mildest, exploitation;—but why should one for ever use precisely these words on which for ages a disparaging purpose has been stamped? Even the organisation within which, as was previously supposed, the individuals treat each other as equal—it takes place in every healthy aristocracy—must itself, if it be a living and not a dying organisation, do all that towards other bodies, which the individuals within it refrain from doing to each other: it will have to be the incarnated Will to Power, it will endeavour to grow, to gain ground, attract to itself and acquire ascendency—not owing to any morality or immorality, but because it *lives,* and because life *is* precisely Will to Power.

. . . . . .

"Exploitation" does not belong to a depraved, or imperfect and primitive society: it belongs to the *nature* of the living being as a primary organic function; it is a consequence of the intrinsic Will to Power, which is precisely the Will to Life.—Granting that as a theory this is a novelty—as a reality it is the *fundamental fact* of all history: let us be so far honest towards ourselves!

* Translated by Helen Zimmern. New York: The Modern Library, pp. 199–200.

FROM *RESURRECTION**

by

LEO TOLSTOI

. . . Nekhlyudov sat down on the steps of the porch, and inhaling the strong scent of the young birch-leaves which filled the warm air, gazed long at the garden as it gradually darkened in the failing light. He listened to the thud of the mill-wheel, and to the nightingales, and some other bird that whistled monotonously in a bush close by the steps. . . . [Presently] in the east, behind the coach-house, flamed the glow of the rising moon: summer lightning ever more brightly began to illumine the rank-flowering neglected garden, and the dilapidated house, and distant thunder could be heard, where in the west a black cloud was towering upwards overspreading the sky.

The moon, but just past her full, emerged from behind the coach-house and glistening on the iron roof of the tumble-down house threw black shadows across the courtyard.

Nekhlyudov remembered how at Kuzminskoye he had meditated on his life and tried to solve the questions, what he ought to do, and how he ought to do it; and he remembered how he had become perplexed in these questions and had been unable to decide them, so many were the considerations involved in each. He now put to himself the same questions, and was astonished how simple it all was. It was simple because he now took no thought of what would happen to himself:—that no longer even interested him,—he was thinking only of what he ought to do. And strangely enough, while he was not considering his own needs, he knew without any doubt what he ought to do for others. . . .

The black cloud had moved on till it stood right above him: lightning lit up the whole courtyard and the thunder sounded directly overhead. The birds had all ceased singing, the leaves began to rustle, and the first flaws of the storm-wind reached the steps where he sat. . . . Nekhlyudov went into the house. "Yes, yes," he thought. "The work which is carried out by our life, the whole work, the whole meaning of

* As translated in Robert Bridges, *The Spirit of Man: An Anthology in English & French from the Philosophers & Poets* (London: Longmans Green & Co., 1919), No. 389.

this work is dark to me, and cannot be made intelligible. . . . Why should my friend die, and I be left alive? . . . Why was Katyusha born? . . . Why did this war come about? Of what use was my subsequent dissolute life? To understand all this, to understand the whole work of the Master is not in my power; but to do his will, written in my conscience, that is in my power, and that I know without a doubt. And when I do this, then undoubtedly I am at peace."

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