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PERSONNEL MANAGEMENT PROBLEMS IN INDUSTRY

19 April 1948

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COMMANDER CAMPBELL: Ladies and gentlemen, when we scheduled this lecture, I made a trip to New York to what, I think, is generally considered the top industrial research organization of the country to get some advice on who would be the best possible man to get down here to talk to us this morning on the subject of personnel management in industry.

I left there with four names. At the top of the list was the Armstrong Cork Company. Just to show you the type of competition they were up against, I will mention the four names. There was the Standard Oil Company of New Jersey where, as most of you know, back in 1916, Rockefeller, with the assistance of McKenzie King and Mr. Hicks set up an employee relations policy that has kept domestic strikes out of Standard Oil since that time. There was the new--I will call it "new"--Ford Motor Company. They suggested getting someone from there. Then there was General Foods--it also has had an outstanding record of employee relations.

But, as I say, at the top of that list was Armstrong Cork. So we wrote to Mr. Prentis, the president of the company, and asked if he, or someone else in his organization, would come down here and speak to us. He very kindly arranged for Mr. Kittridge to be with us this morning. I am sure that any questions that may be in your mind on this subject Mr. Kittridge will be able to answer for you.

It gives me great pleasure to introduce to the Industrial College Mr. George W. Kittridge. Mr. Kittridge.

MR. KITTRIDGE: Thank you, Commander. That is quite an introduction. We are indeed in a high-class group when we associate with the other three excellent companies mentioned. But at Armstrong we are just egotistical enough to feel that maybe we belong up there.

The subject of personnel is not a new subject to us. Organizing for personnel is not new. As a matter of fact, we have been in the business for a number of years.

I am very happy to be with you this morning and, in some little way, to participate in this college course of yours. It is like being among old friends. Colleges, to me, for the last twenty-four years--and that is the length of time I have been associated with personnel work--have been very close to my heart. Within the last twelve months I have talked at and visited in fifty-five of the biggest educational

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That is the way I feel this morning. There is a lot to say but it is a question whether we can get it all in in the thirty-five or forty minutes allotted to me. But if we don't start, I guess we will never finish; so let's go!

There are many real personnel-management problems in industry and I hope before the morning is over we will have a chance to discuss some of the problems you as a group are particularly interested in. But as I thought over the scope of the assigned lecture, I probably can best begin by covering some fundamental principles of good organization for personnel administration. We have been through enough, in this last war decade, so that these fundamental principles, should be well understood and practiced generally in industry. Unfortunately, this is not the case. In recent years I have had the opportunity to meet and exchange experiences with many industrial personnel executives. This firsthand information has only served to show me how many companies handicap themselves in dealing with the intricate and difficult problems of human relations in industry. Their self-imposed handicap has confused and nullified much of what they have attempted to accomplish through elaborate personnel organizations and expenditures. The handicap that I am speaking about usually is a misunderstanding of the correct answers to three fundamental questions:

1. What is personnel management and who practices it?
2. What is personnel administration and what is its objective?
3. What is a personnel program?

Unless the answers to these three questions are clearly understood by an industrial management, and unless the correct answers are reflected in the policies and organization of that company, satisfactory human relations cannot easily be achieved, if at all.

Consider the first question: What is personnel management and who practices it?

To answer this question correctly calls for some thinking about the real function of the line executive or administrator. Basically, all line executives' or administrators' jobs, regardless of their specialization, are identical and consist of just two functions--planning and control. All executive planning consists of three activities: (1) setting objectives, (2) establishing procedures for accomplishing the objectives, and (3) building an organization to carry out the procedures. Similarly, executive control is accomplished through three activities: (1) delegation of responsibility and authority, (2) checkup or inspection of progress, and (3) application of incentives to maximum effort.

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line executives in training these selected new employees to the point where they are fully satisfactory on their assigned jobs and have moved along within the organization to the job level demanding their maximum capacity. Thirdly, and most important of all, the personnel staff will aid the line executive in creating within the organization the climate, the spirit, and the surroundings which will induce each member of that organization to cooperate willingly in carrying out assigned objectives.

To fulfill these three responsibilities, the Personnel staff must also assume responsibility for (1) aiding management in the preparation of a company personnel program expressed as written company policy, (2) aiding management to evaluate this program in the light of changing conditions and suggest necessary improvements, and (3) aiding management in assuring effective communication throughout the organization.

There has been some degree of specialization developing in the work of this personnel staff. Particularly in larger companies today the work has been divided into three sections quite frequently. The first section might be called personnel relations. It has to do with employees as individuals--employment, training, selection, advancement, benefit programs and service. The second section has to do with contractual labor relations. It includes such things as negotiation of union contracts, preparation of management replies in operating the grievance procedure or arbitration, representation of the company before the National Labor Relations Board, etc. The third section of the staff work is that devoted to the general standing of the plant in the community. That, of course, includes public relations, community relations, news reporting and the like.

Let me emphasize repeatedly, however, that this staff department carries out its mission only through the advice, assistance or influence that it brings to the line executive and his handling of subordinates.

Thus we come to the third basic question that I pose: What is a personnel program?

If you ask an average industrial executive what makes up his company's personnel program, he is too likely to mention only those few insurance plans, training courses, and employee publications directly supervised by the personnel administration staff. This answer from the average executive is very closely related to a vague feeling that the personnel staff is expected somehow actually to create good human relations. Of course, it is the line organization made up of those same average executives that has the opportunities to create good human relations. Consequently, those particular security plans or communication devices operated by the personnel department itself are not nearly so important as the direct methods used by supervisors and

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These studies give us two general rules in designing a program-- a personnel program--for improving human relations within an organization. Rule I--the program must be directed at each individual employee and what he wants out of the job. Shotgun devices are useless. Rule II--the program must be broad enough in content to satisfy the great variety in individual employee needs and wants.

We had these two rules in mind in 1937 when we set down a ten-point program as an aid to our own work. Here are the ten points:

The Armstrong Cork Company seeks--

1. To have associated with it--in each position--the most capable individual available.
2. To train thoroughly each of these carefully selected individuals so he may become increasingly effective in his job.
3. To provide each employee with reasonable working hours, affording enough time for relaxation.
4. To pay each employee a fair wage for work performed.
5. To provide for each employee security of job and income and some measure of protection against unavoidable periods of slack work.
6. To provide for each employee safe and orderly work places.
7. To furnish each employee with adequate knowledge of the company and what it is doing.
8. To provide each employee with opportunity to express his opinions freely regarding the company's policies, working conditions, production processes, etc.
9. To provide for each employee an opportunity to be prepared in case of sickness, accident, disability, or death, and to insure an income for his declining years.
10. To instill in each employee pride in the policies, products, and progress of his company.

Incidentally, I have with me some copies of this folder which show the "theme song," list these ten points and briefly outline our policies. You are welcome to a copy at the end of our meeting.

7. "Stewardship" concept of management.

Second, security of job and income can be increased by protecting individual employees against unfairness in management decisions. Here we list as continuing administrative devices:

1. Individual records evaluating each employee's performance.
2. Central personnel administration.
3. Executive review of each termination of service.
4. Recognition of length of service.

Notice that of all of these administrative practices, only one or two things are listed that would be a direct responsibility of the personnel administration staff.

The personnel staff plays a more direct part in administration of some policies. For instance, to meet our ninth objective--assistance for the employee in case of sickness, accident, disability, death or old age--the personnel staff is delegated almost complete responsibility for operating the related group health, disability, hospitalization, life and annuity plans.

In other instances, line executives and personnel staff members operate jointly to accomplish objectives. As an example, there is the objective of thorough training for each member of the organization.

The most important associated administration practices are these:

1. Careful induction to company and its principles for each new employee.
2. New production supervisors are trained through production management course.
3. Present supervisors receive individual training and periodically participate in "Home Office Weeks."
4. Intensive introductory training at Home Office and in factories for new members of sales and technical departments. Supplementary, periodic visits to Home Office for additional training.
5. Maintenance of progress, achievement and training plan for each hourly employee, and personal discussions with the individual periodically.

very hard for him to relate his own job to the over-all operations of the enterprise. There is little, if any, way in which he can feel himself a responsible partner in an enterprise. With this tremendous difference between the situation in the small shop and in the big company, how could one hope to use a single program for improving communications to cover both. Whatever the program adopted, it must be one tailor-made for each organization.

The same thing is true of the composition of the personnel administration staff itself. How many people are needed to handle employment or training or benefit programs or employee services? Well, size of the company, traditional methods it uses in operating, existing quality of human relations within the organization--all of these help to determine the right size for the personnel staff and the particular assignments of the staff membership. Once again, it is a matter of tailor-making the staff to local needs. Because the Armstrong Cork Company or any other company may have a Personnel Research Section of three people is certainly no reason why it is the right-sized unit for any other company. The suit I am wearing is fairly well-tailored to fit my size but it certainly would be a bad buy for some of you men here today even if it did meet regulations.

One thing is essential in setting up this personnel staff, however. That is an adequate line of report. It is a fundamental necessity that the head of the personnel administration staff report directly to the top of the company--to the President or one of his immediate assistants. The Personnel staff has to be represented in top management counsels; it has to have such a standing in the organization that the top personnel men will have a chance to take part in all policy determinations. The record is very clear that where this immediate report to the top is not provided, the personnel unit degenerates into an ineffectual group of pluggers and patchers attempting to remedy peice-meal fundamental errors in policy or program which should have been prevented at the outset.

In the earlier part of my talk I said there are currently many real personnel management problems so, for the records, the following is a list of what to me are some of the major ones before industry today:

1. Develop better hiring, placement and training methods.
2. Determine standards of performance for each job and position.
3. Maintain sound working relations with unions.
4. Operate three-way communications system at all levels.
5. Give supervisors true management status.

organization able to produce the things they are producing at any reasonable price, unless it can actually satisfy the average worker; keep him happy; keep him on the job; train him so that he can do his job better than anyone else. Every company, of course, has available to it machines; mortar and money. But the company that is on top is the company that has the better men; the thinking men; the ideas.

We, in personnel administration, hope to prove that for every million dollars or for every dollar, or whatever it may be, we put into personnel administration practices we got at least a twofold return for the company, the directors, and ourselves. As a company we probably spent, in proportion, as high as any company in the United States; at least, that is my observation on all available statistics. It is a little hard sometimes to show how much you pay for this, that, or the other thing. They are all so tangled with other management problems, as I tried to point out. But I think as a company we fare financially about as well as most of the top-rate companies in the country in proportion to the amount of business we do. Last year we did 143 million or 144 million dollars' worth of business. Our profit was about nine and a half million, or a little over six percent on sales. (I don't think there are too many up there.) At the same time we spent more than most of the companies in the United States, per capita, for personnel administration work.

I hope that answers your question. I cannot produce a chart to show that training Joe Doaks, who was a foreman in one of our nineteen plants, saved us three thousand dollars when we spent only fifteen hundred dollars in training him; but somewhere along the line it did.

QUESTION: One of your principles was that the employee should be able to express an opinion on the policies and operation of the company. What is your system for doing that?

MR. KITTRIDGE: There are any number of systems. Of course, we use a suggestion plan the same as many companies do. We have joint employee-management meetings. We have group meetings. We try to maintain what is so often called the "open-door" policy, which means nothing because they are all scared to go in to see the general anyway. Instead of opening the door inward, we try to open it outward. We try to let the generals go down to see the privates; for that is really the only way they will actually get the story.

A very complete communications program is necessary, of course. That includes magazines, movies, all kinds of pamphlets. But there is no substitute for personal contact. That is what we are shooting home now. We are trying to operate in each of our plants either a weekly or a bi-weekly meeting of every supervisor with every employee (union or not)

Now, in view of the fact that you establish confidence between the personnel and your management, and before it is necessary to have an arbitration or mediation, how can management get the facts across to personnel? The man in the shop doesn't have an opportunity to examine the books. He has to rely on some sort of information getting to him that this is, in fact, true. He, for instance, would like to know what stockpiling should be done ahead of time. Why will a 12-day strike cause a shutdown of from eight to nine weeks? How can management get information down to the personnel so that they retain that confidence either in the management or rely on the union for that confidence?

MR. KITTRIDGE: I touched on that when I said that most of the people in big industries are confronted with half truths; half of the facts. When they do have the facts, they do not know whether they have them all or not.

My only answer to that is this: Personal contact with every employee in the company. The foreman, whom he feels is the management to him, in reality becomes a part of management and, as a part of management, will discuss openly and frankly with him any question he wishes to raise. If the company, in all sincerity, will answer truthfully these questions in normal times, there would be no such time as that to which you refer.

Unfortunately, many big companies are too unwilling to admit that there are problems dealing with labor management; that there are labor unions; that the labor leaders have a job to do. They are too unwilling to say, "Well, gee whiz, what would I do under the same circumstances?"

Therefore, my only answer to it is to let the foreman have personal contact with every employee as often as he can during normal times. When the trying times come along, I don't think you will have a problem. We have tried that. We have renewed, within the last six weeks, several labor contracts in our company, all without a strike. We gave them less than has been demanded in the automobile industry with the idea and the promise that if our payment didn't turn out to be general rule, if it wasn't what Big Industry and all the companies decide is a fair rate, we will voluntarily step it up ourselves. We have done it before.

We are probably one of the oldest companies in the country hiring young college men right out of school, training them for the purpose of replacing management at the top when the time comes. We hired the boys, last year, in December, January, and February. We agreed to pay them a certain salary. As of 1 April, last year (these boys reported in July, after graduating in June) there was what might be termed a general, over-all salary increase. We had employed these trainees at a salary. They agreed to it. They were perfectly happy. But we increased the salary of every one of these men before they reported for work. We feel

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We have added other things since that time. We, at the present time, are working on a plan which we hope will be as startling as our income security program was in 1935. We hope to announce it at a time when the employees are beginning to feel again that security is an important thing. I think you will see in the next few months, in the next couple of years, that security will be the goal of the unions.

QUESTION: I would like to ask what the attitude or policy of your company is with respect to the employment of negro manpower. Do you have any major problems with respect to utilization of negro manpower in the skilled, semiskilled, or unskilled fields?

MR. KITTRIDGE: That is a very interesting question.

COMMANDER CAMPBELL: That is the one I warned you about.

MR. KITTRIDGE: In some states we have laws. I understand in the South, particularly, they do not think so much of certain suggested laws. But, to me, it makes no difference what the color is, what the religion is, or what background the individual has, except he must fit in with the present way of doing things.

We have in our factories some colored people. We have colored foremen who have supervised white people. Now you cannot do that in Atlanta, Georgia, and get away with it, but we did it in Lancaster, Pennsylvania. We did it in Dunkirk, Indiana. It is accepted in those areas. Within the area acceptances, we will take them on.

Let me say, if you were the president of some big corporation, would you accept in most cases a colored salesman for the Armstrong Cork Company coming to call on you? The answer is no. Therefore, we cannot put colored men in our sales force, whether we would like to or not. Within the line of acceptances, by area, we do employ them, we do use them. We have them up as high as skilled technicians, foremen, and supervisors over white groups.

We produced shells and aircraft, as you know, in Lancaster during the war. One of our best foremen was a colored boy.

I don't know whether that answers your question or not.

COMMENT FROM QUESTIONER: If you have two people, one white and the other a negro, both of them possessing similar qualifications, and you needed only one man, which one would you hire?

MR. KITTRIDGE: Let me throw back another point. We operate in Beaver Falls, Pennsylvania. Let us say the population there is divided about 25 percent colored and 75 percent white. We will then try to have

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Appendix I

THE PERSONNEL PROGRAM of the Armstrong Cork Company

The Armstrong Cork Company seeks---

1. To have associated with it--in each position--the most capable individual available.
2. To train thoroughly each of these carefully selected individuals so he may become increasingly effective in his job.
3. To provide each employee with reasonable working hours, affording enough time for relaxation.
4. To pay each employee a fair wage for work performed.
5. To provide for each employee security of job and income and some measure of protection against unavoidable periods of slack work.
6. To provide for each employee safe and orderly work places.
7. To furnish each employee with adequate knowledge of the company and what it is doing.
8. To provide each employee with opportunity to express his opinions freely regarding the company's policies, working conditions, production processes, etc.
9. To provide for each employee an opportunity to be prepared in case of sickness, accident, disability, or death, and to insure an income for his declining years.
10. To instill in each employee pride in the policies, products, and progress of his company.

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Assistance in Case of Death,
Disability, and Old Age

Group Life Insurance in case of death
Group nonoccupational accident and sickness insurance
Insurance benefits in case of permanent disability
An annuity program supplementing Federal Old-Age Benefits Hospitalization and surgical expense insurance for both employees and their dependents
The Company contributes liberally to the cost of these programs

Safe and Orderly
Work Places

Pre-employment physical examinations
Periodic physical examinations in certain operations
Safety engineering and medical supervision
Periodic health engineering surveys by outside experts
Health and accident safeguards written into all production specifications
Investment of sufficient funds to eliminate or control all known hazards and to safeguard all of our equipment

Thorough Training

Careful induction to company and its principles for each new employee
New production supervisors are trained through production management course
Present supervisors receive individual training and periodically participate in "Home Office Weeks"
Intensive introductory training at Home Office and in factories for new members of sales and technical departments. Supplementary, periodic visits to Home Office for additional training
Maintenance of progress, achievement, and training plan for each hourly employee, and personal discussions with the individual periodically
Fees and tuition paid for spare time educational courses related to employee's work or future development

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We want our Company to be one
with which we may be proud to
be associated and one for which
men and women want to work

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