

FULL UTILIZATION OF THE NATION'S MANPOWER THROUGH  
EFFECTIVE HUMAN RELATIONS

13 October 1955

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COLONEL BARRETT: Gentlemen: This morning we have the first of the manpower lectures that deals with the fields of development and utilization. The specific topic is "Full Utilization of the Nation's Manpower Through Effective Human Relations."

The nineteenth century classical writers on economics, both capitalist and anticapitalist, quite obviously didn't anticipate the development of a system of private enterprise that would be capable of and willing to use, foster, and develop a science or an art like human relations for the benefit of private enterprise and for the benefit of the worker in order to accomplish full utilization. This is perhaps not the least of the reasons for the present preeminence of the United States in the world of today.

Our speaker, I think, typifies that combination of the cultural and the theoretical with the practical in business management. He is a doctor of philosophy, an educational psychologist; he is a practicing educator; and he is the vice president of a large corporation. That corporation, McCormick & Company, is a pioneer and a fore-runner in this field of what we might call enlightened and effective business management. It is a happy circumstance for the Manpower Branch that, through personal friendship with the Commandant, its President, Charles McCormick, is familiar with the work of the College and we are able to bring to you a representative of this company, the vice president in charge of human relations, Dr. Brantley Watson, and to introduce him to you.

DR. WATSON: Thank you, Colonel Barrett, for that very kind introduction. Usually when it is mentioned that I have some background as an educator or as a psychologist, there is at least one funny story told about an absent-minded college professor and a crackpot psychologist, and I understand the implication is I could qualify under both of those categories.

It was not long ago that I was so introduced and the person told the story about the college professor who dreamed he was teaching his class and when he awoke, he was. And you hear all the time, I think,

impertinent definitions of psychologists. One goes like this: that a neurotic builds castles in the air; a psychotic lives in them; and the psychologist collects the rent. Well, I am sure you know I am not collecting any rent this morning, and I am sure that you are neither neurotic or psychotic.

I think there was one important thing that was not mentioned in the introduction that I should tell you about first off and that is that I am only a very poor substitute for the man who was expected to speak to you this morning. This man is Mr. Charles McCormick, president of McCormick & Company. He wanted to come himself but he is under the weather, but he wanted me to express to you his regret that he could not be with you, because as a former seaman first class, he had looked forward to lecturing a group of distinguished officers on the subject of human relations.

I looked over the brief very carefully which I suppose you have, outlining the scope and purposes and objectives of these sessions on manpower mobilization. I was very much impressed. Again, I must admit quite frankly that I know very little about mobilization as such or about the proper techniques, procedures, and communications in mass group mobilization. And yet through years of experience in teaching and in counseling and in educational psychology and research, and more recently in personnel administration in business and industry, I think I know a little something about people, and that is to be the subject of our consideration this morning, because although we may think in terms of the broad and the grand scope of organization of large groups of people, when we get right down to it, no organization of people can be successful unless they understand the factors and the principles that relate to an individual adjustment in a group and particularly those situations and the climate that would be conducive to his full potential development in the uses of his full potentialities.

And so, I think, it is entirely appropriate this morning that we think a while about the psychological factors involved in individual adjustment in group organization.

Colonel Barrett mentioned Mr. McCormick, and I am going to refer briefly from time to time to a book which he wrote a few years ago. On the front of this book the publishers have drawn the earth, and over that an atomic explosion. They are out of proportion, I must admit, but through this cloud is the title, "The Power of People." I think we can draw two implications from that, the first one being

intended, I think, that if we could find some way to release the energies, the potentialities of individual people, the power and the force that would be generated would be such as to put an atomic explosion to shame.

The second implication is this, and one I think we want to think about more specifically today: We read a great deal about the effects of the explosion itself, descriptions of the great cloud of gases and destruction, and the tremendous energy and power that is generated, and when we get right down to it, what does all that come from? It comes from the tiniest element, a single atom, all of that power. I think we overlook that fact sometimes in thinking about people; and, in organizing groups of people, we overlook the individual. We think so often in terms of methods, procedures, and charts without starting on the basic premise related to the needs, the characteristics, and psychological factors affecting the adjustment of individual people. That is something we want to discuss today.

Now, psychologists have studied people in all kinds of situations, in rural and urban community situations; in the armed services; and in recent years intensive study has been made of the reactions of people and their productivity in an industrial and business situation. Since my most recent experience has been in that area, I am going to describe for you some of the factors that affect productivity and individual adjustment in a business or industrial situation, again drawing liberally on the experiences we have had in McCormick & Company.

I appreciate the references to this company as being progressive. My comments certainly I can make in all modesty because I have been associated with this company just a little over a year, and therefore can take no credit for any part of the program of human relations that has been developed over the years.

In thinking about human relations in a business or industrial situation, we have to go back to some fundamental principles as related to management philosophy, particularly as regards the attitude of people in responsible positions--whether it be in a business, a school, or in a community--toward others for whom they are responsible, their subordinates, and particularly in regard to these three issues: What should be the attitude of a person in a position of responsibility toward individual human beings? second, How should he best exercise his management responsibility or authority? and, third, What is the most productive way of organizing management itself?

Now looking at those questions for a point of illustration, we might recognize two different approaches that have been taken in American business, and I guess in business everywhere, two different philosophies or points of view. One of them we might call a control philosophy of management.

Under this point of view employees are thought of pretty much as a commodity to be paid for, property, if you will, on a competitive basis on an open competitive market, but, as any commodity, being thought of in an impractical way as groups, as numbers, as extensions of a machine perhaps, as a combination of abilities, or other characteristics of this important resource, but where management would not recognize fundamentally a responsibility for individuals as such.

Now in drawing the distinctions between this control philosophy of management and another which I want to discuss, I want to point out that I am purposely drawing extreme comparisons and you would recognize such extremes in some of the points that I would make.

Well, under such a control philosophy of management or idea toward people as such, it is only natural that the exercise of management responsibilities should be directed toward the control of people. There are various definitions of control, but the kind of control I am speaking of would be one that would be a restrictive control, keeping people in hand, keeping them in place, developing them, using them, yes, but not recognizing the primary relationship as one of responsibility for the person but principally one of using him for the ends of the organization, of the company, whatever they might be.

So we find in personnel management emphasis upon keeping people in their place, upon developing them, yes, but upon restricting them to a particular area of activity, particularly as regards expression and communication of ideas, authority, and so on.

Finally, in the management organization itself we find those same principles. We find an authoritarian point of view where authority is vested in a position, or a title, or a rank, and authority derives from that rank, or that position, or that title rather than through any psychological relationship between individuals.

So we find in business these elaborate organization charts where we sit down and figure out logically what should be the relationship between people and what would make for effective communications in

such an organization and what does make for the most efficient allocation of responsibilities and the analysis of work flow, and so on.

Then what do we do? We impose that on our organization. Again, that is an extreme approach, but in varying degrees that is done in many business firms. They will bring in consultants, engineering experts, and management engineers and they will draw up a picture of how this organization should be set up, how it should function, write it all out, draw it all out, and then attempt to make the people, everyone, conform to this preconceived idea of what this organization should be.

Now, you ask, what is wrong with that? There's only one thing wrong with it--it doesn't work, because we have overlooked the fact that any organization must start out with what you have. It must start with an understanding of the individuals who make it up and that individual people--and this is an important fact, psychologically individual people seldom react logically in any situation. People react on the basis psychologically of duties, motives, group pressures, instincts, if you will, acquired attitudes and interests, and unless we understand those things, how to develop them, how to express them, we are not going to have an efficiently functioning organization.

Now under this control philosophy of management, I think we can recognize that our business in this country has been founded largely under such a control philosophy of management. Certainly until a few years ago, it was the accepted approach. It was the responsibility of management to run the organization and the responsibility of employees to do what they were told to do. It is in that kind of atmosphere that we have made many psychological studies to see the reactions of people, and some very revealing facts have been shown as a consequence of such a climate in a management philosophy.

I remember shortly after I came to Richmond, Virginia--that's where I was just prior to coming to Baltimore with McCormick & Company--I was with a Federal Reserve Bank, and a banker was talking to me about personnel problems. He summed them up this way--it was back at the time after the second World War and employment problems were at their height. He said, "Watson, I will be eternally glad when we get back to the good old times." I said, "What do you mean by the good old times?" He said, "You know what I mean. I mean the good old times when it was hard for a man to find a job. These young whip-persnappers that come in here from the schools have no idea of a day's

work. They haven't any sense of responsibility. They expect us to coddle them, to wipe their noses, and all of that. I will be eternally glad when I can say to one of them, 'If you don't like the way things are run around here, you can get the hell out.'"

We grin secretly at that. Let us ask ourselves how many of us have approached our management responsibility with the idea of how nice it would be if I could just crack a whip and things would get done.

Again, incidentally, maybe there's nothing morally wrong with that, but practically it just doesn't work the way we expect it to work. And business has found it didn't work. It didn't work for one reason principally, and this would apply to any organization, business or otherwise, because that control philosophy of management is based primarily on one thing, and that one thing is fear.

Let us look at that a minute: Fear, first, on the part of the employee that he will lose his job; that he won't get the raise he was going to get; that his pride will be hurt; that he will be discriminated against in one fashion or another. And the control of employees to some extent depends on that element of fear that they might lose their jobs. In fact, we even threaten them: If you don't do so and so, you will lose your job--appealing to fear.

There is one thing all of us here who might be considered managers overlook, and that is that such a system of management is based on fear on the part of management itself. Fear of what? Fear that we will lose these employees; that we can't get our job done if people don't do what they are supposed to do; fear that someone still higher up over us will put the bee on us. So we have the situation that is fraught with uncertainty, with fear to a certain extent, even though it may not be recognized as such.

And what do we know about fear? We know fear is not a constructive source of motivation. Fear is a dissembling influence, a dissipating of energy. Fear is not constructive unless it is tied to a specific goal. So we find disruptive tensions and frictions created in our industrial establishment because so much of it originates from a sense of insecurity and fear, fear on the part of the employee and fear on the part of management itself.

Now I would like, just by way of contrast--and again this is not all black or all white. There are varying degrees of management

practice between two extremes--to give you what we might call a cooperative philosophy of management.

There are many, many definitions of cooperative. I don't suppose that there is any business employees' manual or even any manual in the armed services having to do with human relations that does not speak generally in such terms as, "This is one great big happy family. We are all working together. We all have the same purpose," and so on. From that point on, cooperation goes out the window because that cooperation means just one thing: It means I tell you what to do and you do it. That is not cooperation.

Let us think of it as cooperation, operating together. Cooperation in that sense is not a matter merely of following instructions, or seeing that instructions are carried out. It is a matter of working together toward something that represents a common purpose.

I am reminded of a story having to do with cooperation. A man got on the train in New York one night on his way to Detroit. He called the porter to him and told him he wanted to get off at Detroit the next morning and he wanted to be sure that he would wake up. The porter said, "Yes, boss, I will call you in time." The man said, "Wait a minute. I must explain to you that I am a very sound sleeper. It is very hard to awaken me. Not only that, but I am inclined to be belligerent and fight. I might haul off and sock you when you try to wake me up. So here's five dollars so you will be sure to see I get off the train in Detroit."

The porter said, "Yes sir, boss. I will see that you gets off the train."

The next morning when the man woke up, he was on past Detroit. He hadn't gotten off at Detroit. He called the proter and blessed him out, called him every name in the book, until he got to the next stop where he got off. The conductor came by while this was going on and he said to the porter, "Boy, what in the world did you do to that man? I have never seen a man as mad as that one was." The porter said, "Boss, you ain't seen nothing. You ought to have seen that man I put off at Detroit."

Well, sometimes we get off the track in our cooperation, yes, but the point is, if we are going to work together toward a common objective, there are certain basic principles we must recognize in a business

establishment or any other establishment, and the first one is related to your attitude toward individual human beings.

If we think of human beings in mass; if we think of human beings as numbers; if you regard them as this, that, and the other without recognizing a fundamental, abiding responsibility for each human personality, we can have no cooperation. There can be no fundamental cooperation or organization built on that.

But with such an approach, then what becomes of your relations between managers or leaders, or persons in authority and responsibility and subordinates? And when I speak of management and employees and management and labor, I am not talking about management with a capital M, this great big faceless body of grasping people; nor am I talking about labor with a capital L, this mass of people, downtrodden, and this, that, and the other. I am talking about relationships between a person who is in a position of responsibility and the people under him or associated with him for whose work he is responsible. That is all I am talking about. So in that sense every one of you would be listed as management and so should I.

How should we exercise our management responsibility in that relationship? You remember under the control philosophy, it was one of restricting, of merging together, but of containing and defining the areas, patterns, avenues, channels, beyond which a person should not go. Under a cooperative philosophy, it is an entirely different approach. We are going to work together with people. So the emphasis then becomes, not that of restriction, but of soliciting ideas, of delegating responsibility, of encouraging initiative, of allowing freedom of expression, constructive expression and all of those things that go to make up what we generally recognize as a more democratic type of group organization. And there we find the emphasis, not upon control as motivated by fear, but the emphasis is upon leadership.

What do we mean by leadership? Leadership fundamentally is not vested in an individual leader. Fundamentally leadership derives from the followers. You cannot force leadership. General Kibler who was associated with our company after his retirement from the armed services for several years until recently retired from McCormick & Company, used to illustrate this by taking a piece of string and putting it on a table and trying to push it off the table. You can't get it anywhere. But take the end of it and gently lead it, pull it, it comes off very nicely.

So it is with human beings. How often we exercise management responsibility by force and by attack when it would be such a simple thing as asking somebody to do something. And yet you recognize-- and you men in your profession particularly, I suspect, recognize-- that we very often fail to take advantage of that simple fact of human relationships.

Then, in the management of the organization itself, based on a cooperative philosophy, the emphasis is upon participation, upon sharing responsibilities, upon a relatively fluid type of communications rather than the arbitrary type of orders coming from the top and being handed down to the next level or echelon, then down to the next level, and finally it gets down here, and then the same thing is supposed to come out here that went in up there.

You have all had the experience of telling the first person in a line something and he whispers it to the next one, and when it comes out at the other end of the line, it is not what you said to begin with at all. Why? Because the statement was not made in context. The person didn't understand it; he was not interested in it to begin with; so he repeated automatically what he thought he heard.

So it is under a control philosophy of organization. You cannot get people to understand the common purposes. How often in business we say, "Just do your job. You just keep your pants on and don't worry about running this business. We will attend to this. You just do what you are told." Again, there is nothing wrong with that, but it just doesn't work.

Under a cooperative form of management organization, we stress the element of participation; we stress the element of communication; we stress the element of responsibility delegation; we stress understanding; we stress the element of purpose; and those elements of individual adjustment that makes people able to work together.

Now in recent years we have seen a trend in business away from a control philosophy to the cooperative philosophy. And why? Well, some people would say: Let us look at it frankly. It is because of union pressures. Management has been forced to recognize some of these things. In those circumstances, what has happened--and I say it forthrightly and I will say it to any group of management leaders-- management of business through its lack of cooperative philosophy and its attempt to control people has lost the very control that it

attempted to establish in the first place. That is what happens; you lose control of people.

Maybe it is because we know a little bit more about individual human beings; but I think this shift is coming about, certainly in the minds of hardheaded businessmen--and they are just as hard-headed, practical, and realistic as you gentlemen are--because of the fact that more and more business concerns are demonstrating that a cooperative philosophy of management is not just more humane but it is more productive; it is more efficient; and it is more profitable as well.

Our own organization has had some experience along this line and in a moment I want to relate to you some of the experiences that we have found. But it is only under a cooperative approach of group relationships that the full potentialities of energies, of resources, of individuality can be expressed and capitalized upon, not only of subordinates, but of management representatives as well.

And so let us look for just a minute at what would make for a cooperative relationship as regards our understanding of people, and this really is the point of this discussion of individual people.

What are the psychological factors that have to be taken into consideration--and you could read most of this in any ordinary textbook on psychology because the same principles that would apply in the classroom would apply in business, would apply in our Military Establishment. They are the same basic principles of human relationships if we are looking for deriving full benefits of potentialities of individuals, and that is what we want in mobilization of our human resources and our full potentialities.

The first of these psychological principles is called that of individual differences and it is no more complicated than saying that people are different. That is all. And yet how often we fail to recognize that fact. How often we classify people into types. You have heard it said that this type of person is over here and that type of person is over there, whether by education, by culture, by race, or whatnot, there are certain types of people.

Prior to the time I came to McCormick & Company, there used to be what they called the "McCormick type." I am afraid I didn't conform exactly to what that type of definition was. The fact was that

there wasn't any such type. But we often forget that within an individual there are just as great differences in attitude, in potentiality for one type of thing as another, as there are differences between two separate individuals.

In this relatively homogeneous group of people here, all of you selected because of high potentiality--I understand--that was not added as an afterthought; I just paused there--there is not a person in this room who would not stand high on the scale in some things and who wouldn't stand pretty near the bottom of the scale on something else, and we have to recognize those differences and measure them.

Fortunately, in our psychological studies, we have some aids to recognizing differences of people, their attitudes, their interests, their aptitudes, their abilities, intellectual and mental capacities. We should take full advantage of those.

I remember during World War II when I was at Duke and I was in charge of the program of V-12 students there, and thinking about mobilization. I had a real experience in mobilization then, when, by pushing three cots into every room where there should have been two and two where there should have been one, and we could find no further inch for a single cot--we were to get 1,200 such students and 1,250 showed up--you know what a problem that was. And yet we weren't thinking of the psychological relations of handling such a group of people. We thought of them as a mob of people. I suspect you do that. Yet I remember the last student couldn't get in and I took him into my home for a while. I got to know him as an individual, and he developed later into a very fine outstanding person. I might never have recognized him. You have had the same experiences.

In approaching this matter of individual differences and the measurement of them, during the war we did some consulting service for Fort Bragg, near Duke University there. One of the generals lost a very efficient secretary and asked us to select one for him, and we did.

He wanted to know how we selected this person. It was a very simple psychological test. We just asked the girls--there were several of them and out of them we narrowed it down to three--we asked them one question: What is 2 and 2? The first girl said, "2 and 2 are 4." So the general said, "You see that girl is very practical, but she has no imagination." We asked the same question of the next girl and she said, "2 and 2 are 22." That was a rather odd answer to give.

The general said, "That girl has a high degree of imagination but she isn't practical." But the third girl, when we asked her that question said, "Under some circumstances 2 and 2 may be 4; under other circumstances, it may be 22." The answer was obvious. We asked the general, "Which one of these girls do you want?" He said, "To hell with mathematics. I will take the one in the tight sweater."

There are valid measures of psychological characteristics, though, that we can take advantage of.

The second of these principles is what we might call the principle of integration. This again we overlook often. It states simply that there isn't anything any one of us does that isn't related to the total pattern of happenings and experience of our whole living. In an industrial situation, we make the mistake so often of attempting to put our treatment, our development of individual skills out of context in terms of total adjustment, total attitude, total interests. And so in thinking about people we have to recognize their individual adjustment and have it integrated into a total pattern of living. You certainly have learned that lesson in the armed services. It is the most important lesson for us to learn and follow in business.

And, the third, of these psychological principles is the principle of motivation which says we don't do anything on a sustained basis, a directed basis unless we are motivated by certain basic and fundamental urges and drives, needs. Without the satisfaction of those basic urges, drives and needs, behavior becomes confused, and we begin to go around in circles, looking for the psychic need and the particular urge, or that particular drive, until we get to the point where apparent shiftlessness, lackadaisicalness, or laziness is the result of confused tension that has not been directed toward a common purpose.

What are some of these basic psychological urges and needs that we find in people? And what are the answers to them? From studies that have been made in industry, they are exactly the same factors that would affect the adjustment of an individual in whatever association he may be in. The first of these is: Each of us needs some tangible goal toward which we are working. We need to know where we are headed. And how often in business and elsewhere we confuse the issue by saying, "Well, now, if you just do your job all right, you will get somewhere." "Where is somewhere?" "Don't worry about where somewhere is at all. You just do your job." And we fail to take advantage of pointing a goal toward which a person can work.

The second of these basic and fundamental needs is the need to belong. We need to be an accepted part of an organization or group. This is one of the most basic and fundamental of all human needs. It is also the cause of many, many disruptions in life. Why is it we have the highest incidence of juvenile delinquency in broken homes? Simply because there is no family unit for the child to belong to. The sense of belonging is the basis of opportunity, the basis of confidence, the basis of pride in the organization, and we should take full advantage of this need of people for belonging--the little insignia; the little badge; the little recognition; all of that.

During the war I know that you recognized differences in outfits where morale was high in some and not so high in others. And most important is this, that the men were made to feel and believe this was their unit; they belonged to it; they were an essential part of it. It was part of their life or their life was part of it. They were not drafted; they were employed to do thus and so. So it is in the mobilization of people generally for any purpose.

Then people need to be recognized as individuals. Nobody wants to be thought of as a number, one of a great mass or a great mob. He wants to be recognized as Joe Brown, or Bill Baker, or Susie Jones, individually. There are so many ways we can recognize people informally, just a pat on the back; just calling them by name; just a simple one, "How are you and your family?" Yet how often we see a manager getting so wrapped up and concerned with his own problems, he will walk into a group, just barge in and not see anybody in the place. They look for some slight symbol of recognition. How easy it would be to grant that!

In the next place, everybody needs to feel that he can express himself in some way, usually in speaking. That is a great factor in morale. I have heard it said--I don't know the authority--that some of the fightingest units in the war were those that griped the most when on leave. Maybe that is a form of expression.

I do know of an experiment that was made once in several divisions of a large organization which pointed out the importance of morale on productivity. And lo and behold, to the consternation of the psychologists conducting the study--there were two separate studies, including morale and griping, the effect of one or the other on productivity--the group that griped the most turned out the most stuff. We don't want to encourage griping, but this one group felt they could express themselves;

the management wanted to know what people thought. In these various office organizations, whether it be the Red Cross, whether it be the Community Chest Drive, or whether it would be any other kind of organization, each person is given a chance to express himself individually in some way, and no matter how meager it is, he will work all day and all night, and otherwise, he will go home and gripe about the whole organization.

In the next place, we all want to be informed. We want to be in on the "know" insofar as possible for management to divulge its plans. We need to participate, to feel we are a part of it.

We need an element of security, We need a personal challenge, something that stands out as our life purpose for us. This sounds idealistic, I know, but any man who can't point to something he is working for that is in his mind and contributes to his family is not going to achieve the dynamic energy he might otherwise achieve.

These are the basic psychological principles involved in realizing the full potentialities of our human resources. I get back to the point I made originally in talking about organization and people, national resources, and so on, we have got to recognize these factors and provide for leaders who are conscious of these very things I am talking about, and it is that point to which I think our most crucial, constructive efforts should be directed in the development of leaders who understand people; who understand how they react; who understand how they get together; who understand what keeps them apart; who understand well enough to know how to lead them rather than trying to force them.

Just for a minute or two, I want to draw a practical illustration from the history of our own company. I can do this in all modesty because I had nothing to do with it.

In 1932 this was a very small spice and extract house, doing about three million dollars worth of business. The people had been under the control of old Uncle Willoughby McCormick who was certainly a follower of the philosophy of control. They tell the story that old Uncle Willoughby came down to his desk at precisely the same time every morning. He sat there. He went through certain motions, exactly the same ones every morning. At precisely a certain time, he got up from his desk and walked through his plant. He prided himself that he went around every day; he knew what was going on because he was personally there to see it.

Uncle Willoughby never knew this up to his death, that the minute he got up from his desk each morning there was someone down at the end of the hall looking for him who gave a couple of raps either on the pipes or on the wall; then someone gave another couple of raps down somewhere else; another couple of raps over here. You talk about a grapevine! That pipe rapping is one of the greatest! By the time Uncle Willoughby reached the factory, everybody was working to beat the band. Everybody was at his job. There was no smoking, and everything was cleaned up around the place. And he thought he had a very efficient operation.

When he died, C. P. McCormick, Charlie, as he is known to everybody, took over. He recognized that he didn't know the business well enough to take it on himself. So the first thing he did was to call all the people together and told them he wanted to work on a cooperative basis. If they worked on that basis, they would share the benefits as well as the responsibilities.

Back at that time when the company was in the red, he increased wages by 20 percent when everybody else was cutting them. Furthermore, he increased benefits of the people in the plant. He set up a system of board management--a junior board, a factory board, a junior board of directors, and he told them, "All right, boys, this factory board actually has to pass on final policy matters, but you are going to run this organization. Now go to it." And they went to it immediately. And immediately production in that plant went up 40 percent--40 percent immediately. Turnover was reduced from practically 100 percent a year to practically nothing. That business has grown from a three million dollar organization in 1932 to very nearly a 50 million dollar business today, the largest spice and extract company in the world. It is going to be a 100 million dollar business in the next 10 years and everybody is fully confident of that fact.

I wish I could demonstrate some of the elements of cooperation that went into that plant. Let me say that was a very practical example of what can happen when a leader--and it doesn't have to be a large corporation; it can be a small corporation--approaches this group with the idea: Let us work together; let us see what we can do together; and whatever comes out as benefit, we will share together, and see what we get out of it. That is the principle of cooperation.

I think the most important thing you gentlemen can focus on is developing leaders who understand these principles, but you must

understand them first yourself. That is the fundamental basis of human relations. We must take individual bosses and make them leaders rather than authoritarians. That is the process by which you get people to do things. They won't do them because they have got to do them. Then and only then, will we realize the full potentialities of our human resources.

In conclusion I would like to just paraphrase an old proverb which goes like this:

"The man who knows not and knows not that he knows not is a fool; shun him. The man who knows not and knows that he knows not is a child; teach him. The man who knows and knows not that he knows is asleep; awaken him. The man who knows and knows that he knows is wise; learn from him. But the man who knows much yet knows that he knows not all, who knows to learn from others and in his learning to share this knowledge, who knows to perpetuate himself in the life of others, this man is a leader; follow him."

Thank you very much.

**QUESTION:** You mentioned unions, but you didn't discuss the degree to which unions interfered with the individual's access to management and conversely managements access to the individual.

**DR. WATSON:** The question, if you didn't hear it, had to do with our relationships with our union and its effect on employees' access to management and vice versa.

In our Baltimore operation, which is the parent company, we have no union. Several years ago, we bought the Schilling Company on the west coast, simply because we couldn't compete with them out there. They had a union at the time and still have in our plant at Bolinas. Those of you who are familiar with that situation out there know it is a pretty tight situation.

We have had some interesting problems and situations out there. At first we had a very difficult time getting the union people to recognize that we were genuinely interested in our people, that we weren't trying to pull any wool over anybody's eyes. Maybe justifiably so, but nevertheless they were very, very skeptical.

I remember they tell the story that happened shortly after we took over that company. For several years at our plant in Baltimore, the day before Thanksgiving everybody went home with a turkey under his arm, a gift of the company, and we set up plans for doing the same thing in our Schilling Division. The first year we were there, the union people said, "No, you can't do that. That isn't in the contract. You can't give away turkeys." We asked them if they would be so kind as to put that down in writing, which, of course, they didn't want to do. We finally worked the thing out to where we were able to give our people turkeys if we wanted to. From that day to this, it has been called the "Turkey Union."

That little gesture was not in the contract. It was something we wanted to do for the people. We wanted our people and their families to have turkey at Thanksgiving. At first they looked at us with a kind of amazement combined with skepticism, but more recently I think they are just accepting the fact that at least here is one organization sincerely wanting to work with its people.

The union people out there get the same profit-sharing arrangement that the people get at Baltimore. As a result we have a fine cooperative relationship with the union itself.

As a matter of fact, I referred to the various boards we have in Baltimore, what we call factory boards, board of directors, and so on. The factory boards consist of about 15 to 20 members selected from all levels of management. There is a management board in the plant, from foreman on up through the production manager. They don't permit such a factory board in our Schilling Division because, they said, there are union stewards who could look after that as far as they were concerned.

But we have what is called a Junior Board of Executives which concerns men in professional, sales, and general management areas. The current chairman of the junior board out there in our Schilling Division is the union steward.

We enter this relationship, not with the idea of restriction, not with the idea of a legal approach to human relations, which most union contracts are based on--legal approach, coersive approach to grievances, and so on--but from the point of view of human understanding. We recognize that would be much more difficult in a much

larger organization where problems of communication, problems of personal expression are much graver and much more difficult than in a smaller concern such as ours.

We have 500 production employees in San Francisco; the same number in Baltimore. I can only answer your question there by saying that employees feel no hesitancy whatever in approaching management. The union has no objection.

This spring I was on the west coast and spent some time there. We have a monthly employees' meeting in all our branches. We made employee awards, presented service awards and the President's award for outstanding performance. We recognize all the people, the union people just as we do the others. Everyone within our organization then got up and made a little speech.

Most of the people out there are colored. They were there when we took the plant over and they are still there. They were brought in at one time, possibly by the union, and it has worked actually to their advantage.

Nevertheless, one by one these women--most of them are women--in the plant would get up and you have never heard such speeches in your life, and they were sincere--how much they appreciated and enjoyed working for this company. Clever! My gosh, you get office employees up there trying to make a speech like that and they would just fumble around. But not these. It was right from the heart.

That is as close an answer as I could make unless you have some specific point you want me to cover.

QUESTION: I feel that the Government fits very closely to your first category under control philosophy, Government employees, Government organization. Would you comment on how to move out of control business into cooperative areas?

DR. WATSON: That is a good question. The question has to do with Government organization and the implication being that much of Government organization is based on a control philosophy of management, and how do you get away from that and into a cooperative area.

Well, I have had that same question asked me in regard to many other types of organization. I don't think Government, as such, represents unique problems as contrasted to industry or other organizations.

There have been some agencies of Government that have adopted principles of multiple management. We realize that Government should be more constructive, although we know in Government people will have to draw up these elaborate things and we wonder how they can be communicated to the levels of people involved.

But I always make this statement. When I was in Richmond as Personnel Director of the Federal Reserve Bank, they would say, "You are talking to the wrong guy. You ought to be talking to our President. He is the one to do this." No. Most of what I have been talking about is the individual relationship in the position in which you are responsible. Certainly it would help if the president of the corporation assumes the leadership in that philosophy, certainly if that is recognized. But it is no excuse for an individual to capitalize on his employees. I have seen it done in a climate of control philosophy. It is more outstanding and more destructive when it is done in a small unit.

So I would not be disturbed. In our Government it has to be ordered in a certain way. It has to be ordered for certain communications to get down. It has to be channelized in a certain way. We could not as individuals apply these principles with our own people in such a way as to realize their potentialities. But the State Department, of all things, have had some of their high-ranking representatives over to McCormick & Company and spent several days with us, seeing how they could do it with the development of young career men in the State Department. They are going to adopt some of these principles.

Let us recognize the fact that a great many agencies come to us looking for a panacea, some secret formula so they can go back and make money. Time after time we have said it won't work because it must be on a principle of understanding, and it is not a gadget or a device for furthering selfish interests.

That is a very intangible answer to your question but your question is somewhat intangible, too, because when we speak of Government, we are speaking of so much, and I am sure there are agencies of Government operating on this cooperative basis.

QUESTION: Just to carry this a little further, how about applying this philosophy to the military?

DR. WATSON: Now you have really got something. I have not been active in the McCormick Company long enough to know all of these experiments that have been made so I can't describe them in detail. I know the Air Force, particularly in some of its civilian installations, has adopted the principles of multiple management, and board representation, and so on.

We have a different board each month and they bring them in for two weeks training. They devote three or four hours to this one subject of multiple management. I am not qualified at all really to talk about the problem you have strictly in the Military Establishments, particularly in an emergency. Even though, back at the time we were trying to train men going into military service, I was supposed to teach them military psychology. Brother, how we ever got through that war with those boys, I wonder sometimes. But when you get right down to the staff organization and can work on a principle of participation and cooperation as well as on the basis of attack, it has to derive the full benefits.

The parallel may stop there when you get down to some of the things we can do in industry, just by the nature of the organization, that you can't do in the Military Establishment, but however you accomplish it, the simple fact remains that unless the foot soldier has a sense of belonging, a sense of purpose, a sense of understanding what it is all about, and what he is doing here, where he fits into the picture, you are not going to have a successful organization. I think you will agree with me that the effective ruler is the one who leads his men rather than driving them. He leads his men by entering into cooperation with them, rather than by taking a manual and saying, "We do it this way because it says we do it this way."

QUESTION: During the intermission, the question came up with several of us of the differences in meaning of the word cooperation. You yourself said there could be many different definitions of it. The thing about it to us is that in our past history in the United States we have had examples of cooperative systems in which people were supposed to work together and these things broke down and failed to work. Could you tell us what the ingredients were that caused that breakdown?

DR. WATSON: They could be so many different things. I know one cooperative group where the cooperative group was organized extensively as a cooperative group just to help an individual to get a platform. Whether it be a cooperative group in a business sense,

the same principles would apply. It is not enough for a fellow to merely call something cooperative if he doesn't have the qualities of a leader.

We are talking now about a cooperative relationship in a group. Let me make this point clear. I am not talking about a laissez faire thing where everybody does everything. It needs structure; it needs organization by communication; it needs a sustaining purpose; it needs belonging--these basic psychological principles is what I am talking about. Certainly, we do not have a cooperative enterprise just by having a great big mass of people. We have a cooperative enterprise by providing for individual satisfactions that are necessary for cooperation. You cannot have a cooperative enterprise without the satisfaction of the individual's needs. I recognize that is a very theoretical sort of answer to the thing, but it is really an answer which boils down to this: A cooperative effort that doesn't work is not cooperative; that's all.

COMMENT: I don't have a question but I think you might be interested in a comment on my attempt to run such a multiple management at the military group level. I found it created a very favorable climate in many ways. It created a free approach from the bottom up. We found one obstacle which we were unable to overcome. We created a junior board of executives using noncoms and other ranks. In using officers, however, on the junior board, I found it very difficult to keep the junior board motivated because it was very difficult to offer significant rewards for outstanding ideas. You can give three-day passes, something like that, or some special privilege, but it didn't go over with quite the bang I had hoped. However, it worked now and then, and, as I say, it created a very fine climate and when I wanted something out of the outfit, the response was very good.

DR. WATSON: What organization was that?

COMMENT: It was a communications group of about 3,000 people.

DR. WATSON: The question has often been asked: What would happen under a multiple management setup where there were no financial incentives involved. In our case, the men and women who are members of these boards derive substantial financial rewards by being members. Also membership on the board is on the basis of a somewhat competitive factor. They rate each other on board participation on rating scales which we have devised. Persons who come out on

top stay on the boards and they serve as a nominating committee for electing people to the board. It is not done by vote of the board of directors, or by the president, or any officers of the company.

At Richmond in the Federal Reserve Bank, we had no profits for them to share except with the commercial department, but I found there that the element of recognition, the element of participation, a sense of responsibility, and so on provided the incentive. I could see little difference in the effectiveness of that particular group and the one that we have now in Baltimore where there are very substantial financial advantages to being members of one of these boards. They rotate on the boards and don't stay there forever.

But I don't think the financial advantage is the principal factor involved. It is a matter of motivation. If those men can get the chance of making this the best damn outfit in the world, that is their purpose: You lead their troop of individual people, but they are there to see that that is done. That appeals basically and fundamentally to men and women.

So I appreciate your comments that it was effective in a limited way. I would say it could not be as effective in using officers as it would otherwise be because certainly in our general Military Establishment any sergeant knows that the officer has the say as to what is going to be done, generally speaking, but it is interesting to know that you can work it out, even at that level.

QUESTION: This organization that you are describing, to my way of thinking, would be probably much harder to keep in just the right adjustment than possibly your authoritative sort of control. Would you care to comment on what you do to adjust the mechanism to keep it on the track?

DR. WATSON: That unquestionably is true. The easiest way, so far as organization is concerned, is to have a dictator and he decides everything. That is the easiest way of organizing any group, but it is not the most productive or lasting.

How do we provide for organization in a multiple management setup? Naturally it is a very fluid type of organization and you run into difficulties when you get into a larger establishment just from numbers of people. Fortunately, with the number we have there are daily communications with most of them so we would recognize problems.

But even in our own company we have been discussing for the last three months this question of further structuring our management setup because the company has gotten to the place now where the informal type of fluid organization is not as practical or efficient as it would otherwise be. We have never had an organization chart at McCormick & Company. We have never had one. We need one now. We recognize position designations with specific allocation of responsibility and authority is essential. But the interesting thing is, this is being developed by men who have grown up in multiple management and in recognition of a fact. There will be no change in our basic setup. This merely defines areas more specifically. So I think if you were to take this book that I referred to, "The Power of People," and attempt to apply that form of organization, you would find you would need much more structuring of the organization, more specific delineation of responsibilities, of authority.

Let us stop a minute on that word authority. That word has been a bad word around McCormick & Company, just the word authority, by implication that somebody got something done because he was the boss and had a title or the authority to make you do it rather than that he got it through cooperation.

We need allocations of authority. I see no incompatible element at all in a very clear structuring of an organization and the continued process of full cooperation, fluid communication, and board participation, and certainly these elements of cooperation again have to do with when this man in authority is going to exercise authority. We know there is nothing wrong with authority. It is how it is exercised. I wish I could answer your question more specifically on these points.

QUESTION: I was interested in the policing where you get a sour apple in the barrel and an individual louses up the works.

DR. WATSON: We have had individuals like that, not sour apples lousing up the works, but persons who just didn't have it. We recognized it and I think they recognized it. That comes out in board participation and other forms of logical appraisal, psychological appraisal. There have been three men recently, whom, for their best interests, we advised to get some other work.

There is no need for policing. If the leader provides the spark, it generates its own energy because of the competitive element I spoke of--who are the people we want to take on this board?

The element of incentive on the part of employees is in the sharing of privileges and profits and that serves as a tremendous stimulator to productivity. In fact, we had some difficulty with some of our older women employees who were a little bit hard on newcomers because they didn't do more work. They weren't carrying their share of the load. We had to work that problem out.

C. P. himself, Charlie, sparked the practice himself, Personally, he has been out of the organization, refusing to assume any responsibility as president. He designated a management committee, just to see how this thing is going to go along without him, and I can't see that there is any lack of enthusiasm. In fact, they are pulling even stronger together because of that fact. But unless you have a leadership who himself understands and appreciates these principles, certainly it is going to be more difficult.

QUESTION: We tried this multiple management practice in our staff organization in the Pentagon. You were very kind to send people over to help us. We tried it for a full year, but it never came up to our expectations. One of the principal reasons was that we had to have board meetings after work hours and on Saturdays and Sundays.

DR. WATSON: That would be a very real deterrent.

QUESTION: My question to you is: When do your boards meet?

DR. WATSON: Our boards meet at four o'clock once every two weeks, from four o'clock until six in the afternoon. They have met at various other times. One time the board itself voted to meet at eight o'clock in the morning. At times they have met in the evening, in which case the company provides them with their supper. But the men get paid for their board participation. I mean actually for each meeting they attend they get the board of directors pay. It is not substantial, but it is something. I feel if it can be done and arranged on company time, certainly where you don't have these other tangible incentives, that if it is important enough to do at all, it is important to do when a man would normally be at work. Naturally there is much to be done in between. I can see how setting up a junior board of executives in the Air Force and having them meet on Saturdays and Sundays would have some severe problems develop at the very beginning.

I wonder if I might just pinpoint this with something that occurred last summer. Shortly after I came with the company--I had been there

just about a month--we had a production problem in regard to tea. The question boiled down to the fact that we were either going to get into the tea business or get out of it. To continue meant practically doubling the production for a period of six to eight months. We didn't have the equipment to do it.

I attended this meeting just as a spectator. It was called by the department manager of the tea department, mostly women operating tea-packing machines. He talked for about 20 minutes, presenting the problems to them, drawing up a chart, showing where we stood, the margin of profit, and so on. He said, "We greatly need to get in or out of the tea business," and he asked for suggestions. "What are we going to do about this?"

This is an actual accounting of what happened. One lady got up in the back of the room and said, "You remember when we had something like this before, we put on a third shift. Why can't we put on a third shift?" The manager said, "Well, we can, but if we put on a third shift, it means we are going to have to take most of the people from the regular shifts and assign them to the third shift." She said, "Why not ask for volunteers? I for one will volunteer." Hands went up all over the room.

Then he said, "We have enough for a third shift, but we still can't reach our goals." They said, "Why don't we on the other shifts work Saturdays for a while until we build up our inventory?" Can you imagine what would happen if management came in and said, "You are going to have to work Saturdays." They got volunteers for that, practically the whole room said, "We will do that for a while," and they did. And there were several other things that they suggested themselves.

They were shrewd in asking about things that management knew they were going to have to do if they were going to lick that thing. And these people had some damn good questions.

After the meeting, I was so impressed I was compelled to make a speech. The substance of my speech was that I was just as proud as I could be to be associated with a group of people working together with such common interests, and so on, and I wanted them to know that. Then the meeting broke up with polite hand clapping.

I was standing around speaking to some of them, and a little old lady, about 56 or 57 years old, a little woman with white hair and

blue eyes, with a twinkle in her eye, came up and she said, "Mr. Watson, come here a minute." She got me off in a corner and she said, "You're new around here, aren't you? We know you are new, and we're glad to have you with us. We have had problems like this one before and we have licked them, and we are going to lick this one, too. Don't you worry."

COLONEL BARRETT: On behalf of the Commandant, the students and the faculty, we would like to express our compliments to the company and yourself for coming over and giving us this interesting and valuable discussion on human relations.

(18 Apr 1956--250)K/feb