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THE ROLE OF THE EXECUTIVE TODAY

Dr. K. Brantley Watson

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Reviewed by: Colonel Tom W. Sills, USA

Date: 21 October 1960

INDUSTRIAL COLLEGE OF THE ARMED FORCES

WASHINGTON, D. C.

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29 September 1960

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Reporter: Ralph W. Bennett

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THE ROLE OF THE EXECUTIVE TODAY

29 September 1960

MR. PULVER: General Houseman, Admiral Patrick, Gentlemen: Today we terminate the Executive Development Section in the Foundations Unit by taking a look at the role of the executive today.

Our speaker on this subject is both a scholar and a practitioner in this field. As Vice President for Human Relations of McCormick and Company, of Baltimore, he is particularly well qualified to discuss with us the human relations practices of modern firms.

It's a pleasure to welcome Dr. K. Brantley Watson on his fifth visit to the Industrial College and to introduce him to the class of 1961.

DR. WATSON: Thank you very much.

I'm not sure just what he meant when he referred to this scholar business. I suppose that's a throw-back to the fact that some years ago, as a matter of fact, some fifteen years ago, I was a college professor and a psychologist. I have felt that in recent years, having been in business and particularly in talking to groups such as this on some of our very practical and immediate problems of management, that reference to the academic phase of it is perhaps a little embarrassing. I recall just recently I was making a talk to a group here in Washington, and after mentioning the fact that I had taught for several years at Duke University, the person introducing me was reminded of the college professor who dreamed that he was teaching his class in psychology and when he awoke, he was.

As a matter of fact, psychology is interesting. Maybe you have

heard this definition of a psychologist. We all know that a neurotic is one who worries himself into building castles in the air, a psychotic lives in these dream castles, and the psychologist collects the rent.

Well, we're not collecting rent here this morning; but psychology is from a very practical standpoint closely related to this subject that we are to consider today--the role of the executive. And in the points that I would like to make I am going to do so in a frame of reference that I believe is general enough as to apply to any area of administrative or managerial responsibility. Whether it be in a business, such as ours, or in a business such as yours, or in a governmental or social or educational agency, basically the role of the executive or manager is the same.

I have been interested in looking over the outlines of case studies and of lectures that you have had thus far, and the emphasis has been--the appropriate emphasis, I think--upon the manager or the executive as one who essentially gets thing done through and with other people. And this emphasis upon the role of the executive as one getting things done through people is, I think, a significant development in the whole area of management and the executive function.

I recall some fifteen years ago, when I first came into business, it was very seldom that you heard reference to the primary role of an executive as related to the organization or development of people. We discussed such things as the administrative responsibility for control, for communication, for follow-through, for decision making, and all of those processes that are important in this function. But it has been only

in recent years that we have had such an important emphasis upon human relationships in the executive function. And it is that point of approach that I would like to discuss with you this morning--some of the experiences that I have had in business, relating them to some of the general principles and factors, I think, that would be universally applicable to this function.

You know, we in this country have in the last fifty years witnessed a dramatic growth and development in the technological field. I think it's something all of us can look on with pride. And certainly, until just very recently, this country was without question regarded as the leader in this field of technology, in automation, and in the use of physical resources, techniques, and procedures for making for an efficient operation. And yet I wonder, gentlemen, if we have made anything like comparable progress in this area of understanding and utilizing the basic resources of human relationships.

I raise this question because, drawing an application to business, there is hardly a day passes but what we read in the newspapers, in any public periodical, references to tension and friction, even outright conflict, between management, so called, on the one hand and labor, so called, on the other. Certainly we read in all walks of life, and with the fiasco that's going on in New York at this particular moment as far as effective executive leadership is concerned, I think we can see on a world-wide basis that we have a long way to go before we have learned how to use human resources as effectively as we have learned to use physical resources.

I think this is an important thing for any executive to consider. So what I would like to do would be to illustrate two points of view, you might say, in regard to this question of human relationships, drawing illustrations from experience in business, but then making application to this function as it would apply in your work or in anyone else's work where he has that kind of responsibility.

Basically, the executive function of getting things done through and with people--the direction which it takes is dependent upon our underlying philosophy or concept of management as it relates to three fundamental questions: One, what is the responsibility of management or of a manager or an executive for the fundamental and basic well-being of members of an organization? Second, what is the attitude which the manager or executive should assume in his relationship with subordinates or associates? And, third, what is the nature of structuring the management organization itself which would be conducive to sound human relationships?

And in illustrating or describing these activities and answering these questions I would point to two opposing and incompatible points of view, both of which are found in business, both of which I think would be found in groups of individuals, in individual attitudes, and in any type of organization.

The first of these I would call, for lack of any better name, a control philosophy of management. Under this point of view--and, as I say, I will draw my illustrations first from the area of business practice and

then with application to general principles--in this respect as regards the role of the executive in getting things done through people--and I emphasize that over and over again for us to keep it in perspective as our point of view--what is the responsibility for the executive as regards the fundamental human well-being of subordinates?

Under a control philosophy we think of employees or subordinates pretty much as we would think of any commodity--to be bid for, to be purchased, on an open competitive labor market, or to have it supplied through some legal channel; but, nevertheless, a commodity to be developed, to be trained, to be made secure to a certain extent, but then to be discarded when no longer useful.

This may sound like a rather extreme description of a point of view; and yet in business I think we have recognized this for some time. We even find expressions of the view that the function of business is to make a profit, and it's not in the social welfare business. The function of the executive is to direct his attention toward the balance sheet that comes out at the end of the year; and anything that is done to accomplish that in effect becomes an expedient, or at least a generous gesture of some kind, a kind of Santa Claus attitude toward employees.

We find that expressed in many ways. We find the expression in granting the various kinds of employee benefits, or improvement of working conditions, or establishing relationships on a helpful basis, done primarily simply for the purpose of creating more profit to that organization.

Now, with that point of view, we find some rather significant

applications of it to this management process itself in its relationship with employees. We find the emphasis primarily an attempt to control people, to keep them in hand, to go so far even as to suppress them, to have them consigned to a little niche that may be described very specifically in a job description and specification, to set up lines of communication that are very precise and definite; and where communication can be accomplished appropriately only through certain channels. And we find the whole emphasis upon trying to keep people in hand, controlling them.

Finally, in this area of the management structure itself, we find these same elements of control. You find the emphasis upon the rigid organization of function, upon thinking of the organization chart as the bible from which you derive all sources of information and from which you make all decisions. And you find your standard procedure instructions book or your regulations as the reference for all kinds of decisions.

Now, there is certainly nothing wrong in sound organization. There is certainly nothing wrong and nonproductive in organizing activities in a way so that every person will know precisely what is expected of him. He will know the lines of communication. He will know the limits of his authority. But when we use that as a means simply of controlling people again, whether it be management people or employees, in my judgment psychologically we are failing to take advantage of the full potentialities of human resources. And there is inherent in this very approach a negative factor which tends to limit the productivity of any kind of organization.

Perhaps you think I have simply described this particular approach

as a means of coming along to knock it down and describe something else. But I must say, and I think you will recognize, that that view is held rather widely. It is the basic climate of many organizations, and within any organization certainly is the attitude of certain individuals. I'm certain that there are men in this room here who think of their responsibilities in such an atmosphere of controlling a situation, of subordinates being controlled, of their own activities being prescribed in such a way that they are limited in your own activity.

And yet there is one thing that perhaps we don't recognize in this kind of approach, and that is that if it is going to be sustained, and if it's going to be effective at all, it is based largely upon the motivating factor of fear--fear first on the part of the employee or the subordinate that he will lose his job, that he will be discriminated against in some fashion or other, that he won't get a promotion. But I think from a management standpoint we fail to recognize that very often it is fear just as much on the part of the executive or of management that he will lose control of these employees, that they in turn will usurp the prerogatives of management, and that he will lose effective control of them to some outside agency. And I know in business, perhaps more than in your own type of work, in competitive business, that we find that apprehension, that fear, that concern, that anxiety on the part of management people as much so as on the part of employees.

Well, we know something about fear psychologically. We know that it is a powerfully motivating stimulus. We know that it is a factor that

is present in some degree, whether it be simple anxiety or worry or apprehension or uncertainty, in the lives of all of us. But we also know that the resultant reaction to fear is one primarily of escape, or one of protecting oneself. And we find that when the motivating factor in any business or any organization is appealing to fear as a means of control, we find the inevitable result that people tend to pull within themselves. They tend to avoid those circumstances where they might be put on the spot, so to speak. They tend to do only as much as is necessary not to call attention to their activities. And then tend to be defensive about everything that they do.

Now, have you recognized that view, or that feeling, or that atmosphere, that climate in any other organization with which you have been associated other than your present one? Or have you seen it or the effects of it in individuals whom you have known? It's a very distressing thing to see that kind of atmosphere exist in any organization; and yet it does. It exists in many organizations today.

I remember when I first came to Richmond, Virginia. I was directly out of a strictly academic background to do some consulting work with the Federal Reserve Bank of Richmond in setting up a personnel program there. I was talking to one of the bankers in Richmond. This was in 1946. If you go back to that time, you recognize that that was a very tight labor market at that time. This man was complaining bitterly about how difficult it was to get competent help in his bank. He became quite incensed as he talked to me about it, and he said: "These young

whipper snappers who come in here out of school--they don't know anything about what it is to do a day's work. All they do is watch the clock, talk, and do as little as they can do to get buy. And they are demanding more wages all the time, and I've got to go along with it, because if I don't, they can go down the street and make more money for somebody else than I can afford to pay them." You can see his dilemma at that particular point, and he became quite incensed further about it and he said: "You know, Watson, I'll be glad when we get back to the way things used to be."

I asked him what he meant by that and he said: "I mean simply when it was hard for these youngsters to find a job. When you don't have to put up with all of this stuff. You don't have to baby them and coddle them. When I can say to one of the people in the bank: 'If you don't like the way things are run around here, you can get the hell out.'"

Well, you grin or chuckle a little bit about that, but let me just ask you--first to be quite honest with ourselves--and I include myself in this--how often have we thought: "How nice, how appropriate, how proper, how right it would be if the executive--if it were recognized that he had the authority and the responsibility that all he had to do was simply, 'I tell you what to do and you do it.' And if you don't like what we have to do around here, you can get out.'" We have thought that way sometimes, I'm sure. I have heard men, very enlightened men, express themselves, perhaps not quite that drastically, in that direction. That is the reflection of a control philosophy of management, and a far-period approach to

human relationships.

And when the role of the executive becomes that simply of exercising an authoritarian role, authority simply is vested in a position or a rank, or some other status, then I say again, he is operating on the basis of a control philosophy of human relationships.

Now, by point of contrast I'd like to describe, so that we not become too depressed about this idea of management, a different approach which is coming to be more and more recognized, in business, in all kinds of social and governmental and military organizations as the only productive approach to capitalizing on the human resources available to us. And I would again, for lack of a better name, call this a co-operative philosophy of management. I purposely said "co-operative" rather than "cooperative" to emphasize the "co-operative" interpretation of this word--"operating together."

Now, under such an approach what is our attitude in regard to these three basic questions that I raised here a moment ago--first, as to our responsibility for the fundamental human well-being of the members of our organization?

I grant you that it is not the function of business or of a military agency or of a governmental department--it is not its function to exercise a social welfare activity as such. However, if we as managers and as executives are to capitalize upon the resources we have available to us, it behooves us to recognize that in order to operate together, we must demonstrate an interest in, a regard for, and an understanding of the

characteristics and the needs of the people with whom we are working. If people are simply machines, if they are simply numbers on a punch card, if they are simply a job classification, then we are failing to derive the dynamic results from human relationships that make for effective management and make for effective executives.

It is a responsibility of management and of executives to be aware of the needs of people; and insofar as it is practical to do so, to assist individuals in the satisfaction of these basic needs. And I say again, not primarily because we simply want to be humane, but because it is a vital and essential part of a human relationship if we are to co-operate.

In this second point of view, if we accept the responsibility for operating together with people for accomplishing some common purpose, then our attitude toward employees and the methods we use will be entirely different from those I described under a philosophy of control. Our emphasis will be not upon trying to keep people in hand, not upon the arbitrary exercise of authority, not upon the arbitrary exercise of discipline. The emphasis will be quite the contrary--that of stimulating initiative, encouraging responsibility and the delegation of responsibility, of encouraging people to express themselves, of encouraging--horror of horrors--even constructive criticism, of making everyone in the organization feel that he is part of this organization rather than simply hired by it.

And so the role of the executive then becomes one of developing the kind of understandings and relationship which will release--release--the potentialities of people, directing them along constructive channels,

rather than suppressing these potentialities and these people themselves.

And then, finally, in the management structure itself, we find under a co-operative relationship the emphasis upon team concepts of management. Now, that word "team" and "teamwork" has been greatly abused. We all speak of wanting to have a team, of working together as a team. Now, what do we mean "as a team"? Sometimes to the executive the team is a group of people who are so subservient to his particular authority that they dare not do anything that would in the least be contrary to what they judge to be this team executive's point of view or his own personal objectives.

If we are going to organize management people in a way to make them productive, we have to recognize that these same factors of control versus co-operation apply, and perhaps in an even greater degree, in developing a group of people who can work effectively together.

Now, what are the things we need to do in order to develop such a team concept among our people? Well, first of all, we certainly have to define the areas of individual responsibility. This may sound like kid stuff to you, and I'll ask you to pardon me for such a basic reference; but let's take an example of a football team.

Certainly in pro football each man is a specialist. He knows what his job is. He knows how to do it. But we don't just turn him loose with ten other guys out on the field all of them simply trying to get the ball down the field as fast as they can without any clear understanding as to how they are to support each other. That's basic and it's very naive and

very childish, I'll admit; but it's a damn good illustration of what I'm talking about, because in management very often we don't have a team of people. We may have one person who's calling all of the shots. We may have a group of specialists, each going about his own different way, but where there is no common coordination and understanding as to what the common goals, the common purposes, of this team would be.

So those are the things that we as executives need to develop if we're to have team work within our organization.

This matter of cooperation again is susceptible to a number of different definitions. To some people cooperation is, as I said a moment ago, "I tell you what to do and you do it." That's cooperation.

I suppose you fellows, all of you, have completed merit rating forms at one time or another, or they have been completed on you or for you. On every one of these there will be some item in there that is "cooperativeness" or something of that sort. It has been my experience in most instances that when a manager rates a subordinate down on cooperation, it means that that subordinate simply has not done, in the mind of the executive, what the executive had thought he ought to do as far as his orders and his commands were concerned. In other words, that is cooperation if he does just what you tell him to do. It's lack of cooperation if he doesn't or if he shows some individual initiative or originality.

Co-operation, operating together, is the emphasis we ought to take on this point.

And so we find, in business, as in all other areas, these two points

of view.

Again, a definition of cooperation: I am reminded of the story of the man who got on a train in New York one night on his way to Detroit. He called the porter to him and told him that he wanted to get off at such and such a time, to wake him at such and such a time. The porter said yes; he'd be glad to do it, and took a little note of it. The man said: "Well, wait a minute. I must tell you I'm a very sound sleeper; and when anyone wakes me out of a sound sleep, I am very belligerent. And I'm afraid if you wake me out of a sound sleep in the morning, there's no telling what I'll do. I might hit you; no telling. But if you cooperate with me and see that I get up at that time, here's five dollars." "Yes, sir, boss. We can sure cooperate on that basis." So the man went to sleep.

Well, from the fact that I'm telling this story at all, I'm sure you recognize that the man was not wakened in time to get off at Detroit. The train had gone on. When he woke, he was highly incensed, very angry. He called the porter to him and called him every name in the book, and about that time he got off the train.

Just before he did, the conductor happened to come by and overheard the conversation. As the man got off the train, he turned to the porter and he said: "Boy, what in the world did you do to that man? I have never seen a man as mad as he was." The porter says: "Boss, you ain't seen nothin'. You ought to see that man I put off in Detroit."

Sometimes we do, as I say, get off the track in this matter of cooperation. But as a basic principle, it is the role of the executive to develop a team of people who work effectively together, who understand

their common goals and purposes, and who then are assisted in their inter-personal relationship to operate in such a way that it is based on understanding of each other as well as their common goals.

Now, in business we have recognized in recent years a very strong trend in the direction of co-operation versus control. I would say even twenty-five years ago the prototype of the successful executive, top executive, is a hard-fisted, hard-nosed, rugged individualist, who called the shots; and we have all of the anecdotes of what happened and this and that and the other.

In our own company, McCormick and Company in Baltimore, they tell the story about Mr. Willoughby McCormick, founder of the business. He died some twenty-five or twenty-six years ago. But prior to that time he operated on the basis of a control philosophy. It was the accepted approach at that time. They tell the story that every morning he would get up from his desk precisely at a certain time. Sometimes he would vary a little bit, because he didn't want people to get accustomed to just when he was going to do this. Then he would take his tour of the plant.

Everyone was working hard. Everyone was at his desk. No one was loafing. And Uncle Willoughby, as they came to call him, felt that that he had a very efficious operation. What he didn't know was that, at the moment that he got up from his desk, down at the end of the corridor was a man, who was there every morning waiting for him; and he picked up a wrench and tapped a pipe at the end of that hall. And that was the most effective grapevine communication system that ever went through

anywhere. Before Uncle Willoughby had gotten ten steps, everybody in that plant knew that he was on his way. He thought he had effective control of this operation.

We see a trend today more toward a cooperative philosophy, perhaps because in classes and discussion such as this in colleges, where we are talking about the psychology of human relationships, we understand people a little better than we used to. It may well be that some of the outside coercive influence that business has felt has pointed up to it its own inadequacy; and it has found out that by attempting to control people, it has lost the very control to outside influences that it itself was attempting to sustain; and then has found these outside influences exercising a far more rigorous control than management had ever exercised over these same people. And it may be that we are becoming more humane. I don't know.

I think the reason is, in business anyway, that we are learning the very hard lesson that a cooperative approach to management is not only most humane, but it is the most productive, it is the most efficient, and in the final analysis it is the most profitable as well. And for any hard-headed businessman, even though he not be enlightened from the sense of ethics or of moral responsibility, just from the fact of efficiency he is learning in some instances that this is the only approach to real productivity.

And so, gentlemen, in very briefly illustrating these two points of view, I tried to bring to you at least my concept of what the role of the executive is today. The primary role of the executive is to create and

sustain the kind of climate in his little unit, in his division, or his organization that will be conducive to co-operative relationships. And by personal example, by illustration, by help to get people to work together as a team rather than simply pegs on a board or boxes at the end of a line on a chart. That to me is the function of the executive.

And then finally, in just the few minutes that we have left of this period, he implements this by a knowledge of and application of some basic and fundamental psychological principles. These principles--and they are not new. I'm not citing anything original. These are to be found in any basic textbook of psychology--but as applied to a business or a management executive situation, the principle of individual differences, which states simply that people are different. It's the role of the executive to understand these differences in people. No two people are alike. No one person is equally gifted in all areas.

Now, this is a relatively homogeneous group of men here this morning. You all are selected because of meeting certain high-level requisites. So you would assume that you fellows here are all pretty much alike. That's far from the truth. I don't know any of you, but I would be willing to wager any amount of money that I could give you a battery of psychological tests, and there wouldn't be a person in this room but that would rank toward the bottom on at least one of these tests and toward the top on some other. We need to recognize these differences in people.

Second is the principle of integration. I am talking about psychological integration, not social integration. The principle of psychological

integration states simply that whatever we do is part and parcel of the total aspects of our living; and that it is utterly futile to attempt to understand a man's or woman's performance at a workbench or at a desk without understanding the total pattern of his living.

Now, I recognize that there is a delicate point as to how far an executive should go into the personal private affairs of another person, a subordinate. And that calls for judgment and discretion. However, I simply say that if we are going to understand a person's work, understand his attitude on the job, understand his potentialties for further development, we have to understand him as an integrated total person; and that involves things other than just what he does at his desk.

And the third of these basic principles is the principle of motivation. You have heard a lot about this. I've noticed it in the outlines of lectures and discussions that you have had before. But the principle of motivation simply states that there is nothing that we do on a sustained, constructive, purposeful basis but that it is motivated, sustained, spurred on by certain basic drives, urges, needs. Some psychologists would call those instincts. Others would say there's no such thing as an inborn instinct; that they are all acquired. It doesn't make any difference. By the time a person is grown, there are certain basic needs, and drives, and urges, motives, that are characteristic of all people in varying degrees.

These basic needs are ones which we as executives should recognize and apply in a work situation. First, the need for having some tangible goal or objective or purpose toward which a person is working. There are many people who don't have such tangible goals. But if they

do not, then they cannot be motivated to the degree that a person can be motivated if he has something that he is working toward. The job of the executive first of all is to be assured that every person for whom he is responsible knows where he is to go in his job, what is expected of him, what his goal is, the ways in which that will be judged and evaluated.

Certainly we call on such things as ambition and drive to encourage people to rise above their present levels of position to higher levels of position. Certainly the motivation of more income is a motivating factor. And there's nothing wrong with motivating a person to do even better in order to deserve further reward. There's nothing wrong with that. But how often we as executives simply leave people to do their work, without establishing any clear purpose. And only to the extent that we can get an employee to identify his purpose with our purpose, only to that extent can we realize the full effect of motivation in this area of goal seeking.

The second of these basic needs is the need for belonging, the sense of belonging. We hear a lot about this, and it is interpreted in various ways. But as applied as a work rule for an administrative unit, only to the extent that a person feels that he is part of this unit--not just hired by it, but part of it--only to that extent will he derive a full satisfaction from the work that he is doing; and only to that extent, then, will he go beyond the absolute minimum of work required in order to get by because this is his group; he is part of it; he belongs.

The third of these basic needs is the need for personal recognition. You might say that is in a way contradictory to this sense of belonging.

We want to feel we're part of a group, but at the same time we want to be recognized as individuals. And I have used this corny phrase a number of times, but I think there is some wisdom in it, when we say that very often a pat on the back is worth ten kicks in the pants. And that is so. Most often we can motivate people, we can give them the kind of recognition that will spur them on, by the pat on the back, that will be far more effective than the disciplining that we need to do when we kick them in the pants. And the latter is necessary now and then too. People need to be recognized as individuals.

Fourth, we need to feel that we are communicating with our environment. In a work situation that means simply that a person needs to feel freedom to express himself, his own thoughts. Even though they're contrary, he feels the freedom to express them--to his boss, to his associates. Conversely, that he feels he is being kept informed about factors that affect him in his job and in his relationships with the executive. This need for freedom of expression and for communication.

Finally, we all need a degree of security. Certainly, if a person feel insecure, he is going to be apprehensive. He is going to worry. He is going feel concern. And I'm not talking about the blue sky security where we promise everybody a job for the rest of his life no matter what he does. That's not the kind of security I'm talking about. I'm talking about the kind of security that comes from a knowledge within oneself that if he does a job, does it well, he knows where he stands, that that's going to be recognized, and he's not going to be arbitrarily disciplined

or punished or discarded simply because he's no longer useful in the mind of an individual. We need a sense of security.

Gentlemen, the role of the executive is to see that these needs are satisfied among our employees and within our management group itself.

Now, I have dwelt at some length upon management philosophy, upon attitude, upon psychological principles. As you can see, I have not said a word about the process of administrative control. I have not said a word about the process of administrative communication or organization or those administrative activities that are also the responsibility of the executive. I have emphasized this aspect of human relationship, because I don't think we can effect any effective control in an organization except through such understanding and such relationships as I have been describing.

I don't believe that we can stimulate people to use the full resources of their own potentiality except on such a basis of co-operation.

And, finally, I am certain that people cannot grow and develop with freedom to their full potentialities except under such an atmosphere and in such a climate.

And so perhaps it is significant, not because I'm doing it here, but simply because the subject itself is significant, that this is the last of your series. This, gentlemen, to me is your job. And it's my job. It calls basically for leadership versus authoritarian dictatorship.

Which in conclusion reminds me of two proverbs that I'd like to leave with you just as a thought and as a sentiment.

The first says that no man steps in the same river twice, for from the time he steps first until he steps again, both the river and he have changed. We are in a changing period of time. We must be adaptive. We must be flexible.

The second is a proverb about a leader and it goes something like this: The man who knows not and knows not that he knows not is a fool. Shun him. The man that knows not and knows that he knows not is a child. Teach him. The man that knows and knows not that he knows is asleep. Waken him. The man who knows and knows that he knows is wise. Learn from him. Yet the man who knows much and knows that he knows not all, who knows to learn from others and in his learning to share his knowledge, who knows to perpetuate himself in the living of others--this man is a leader. Follow him.

That, gentlemen, is the job of the executive today--leadership. Thank you.

MR. PULVER: Gentlemen, Dr. Watson is ready for your questions.

QUESTION: Dr. Watson, McCormick and Company has developed a reputation for having a cooperative type management. Would you describe some of the executive development approaches that you use?

DR. WATSON: The question was that he understood--I'll put it that way rather than stating a fact-- that our company, McCormick and Company, had been fairly successful in some of its executive development approaches, and would I describe some of the things that we did.

As far as basic philosophy is concerned and attitude, we try, first of all, to get an understanding along the lines that I have been discussing. But I think you perhaps had more specifically in mind the management organization setup that has come to be known as multiple management.

This is a program designed within the management group--we are speaking solely in terms of management now--of providing for a wider base of participation in top management considerations and review, and at the same time giving more people an opportunity actually to practice decision making and so on of the sort that they would have as a personal responsibility when they moved on up the ladder.

In addition to our corporate board of directors, which is as any other corporation has except that our board of directors is composed almost entirely of executives within the organization, the only outside executive being Mr. Eric Johnston--I don't know if you know who Mr. Eric Johnston is. He is the only outside member of our board of directors--in addition to this there are what we refer to as junior boards of directors--they're not really junior at all, but within the administrative area and services area we have what is called a junior board of directors. Within the production and plant areas we have what is called a factory board of directors. And within our sales organization we have a sales board of directors.

This program was set up about twenty-five years ago. The men and women on these boards are instructed that they are to conduct their board activities as if they were a corporate board of directors, the only limitation being that they have no authority to put into effect the results of their

considerations; and any recommendation that is made from the group as an official recommendation must be unanimous.

These people meet roughly once every two weeks; and in the period of time since these boards have been established there has been a remarkable list of suggestions and ideas that have come from these people, working in an atmosphere outside their line responsibilities as a general management board. I would say that of some, oh, let's take a round figure--there have been more than this in this period of time--ten thousand suggestions that have come to the corporate board from these boards, there have been less than 5 percent of them that have actually been rejected outright.

Now, in participating on these boards, people do it in a way on a competitive basis. Every six months each member of the board evaluates on a regular rating procedure the contribution and participation of every other member of that board, not in reference to his line assignment, but in reference to his board activity. And there is a rotation of membership on the board one factor being these ratings.

So that a person is in a way in a competitive situation in that if he does not impress his associates well, he simply doesn't stay on the board. And "by impress them well" I don't mean that they develop cliques or any politics in this situation. It's purely an individual matter. But through this type of device--and I think this is what you are referring to,--we provide that a much broader base of management people clear on down to the lower levels of supervision have an opportunity to participate in the top

general management process. So that then, when they become general managers, they would have been in the situation of having gone through this for some period of time.

It has worked very well. There are, I would think, today some three or four hundred companies and agencies in the country that have adopted various modifications of this program. It simply is an illustration of this application of the principle of participation, of belonging, of an opportunity to express oneself. And we certainly have found that it created a dynamic atmosphere that is conducive to teamwork among management people throughout the organization.

QUESTION: I can see that possibly this 5 percent rejection of recommendations might cause you some difficulty. How do you handle that?

DR. WATSON: I suppose any group that has labored and worked hard over a project and has then had it rejected is a little disappointed. I think the actual result is not bad, because of the preponderance of worth-while suggestions and ideas that are accepted.

There has gotten to be a kind of good humored reaction to rejections--that they are in such a minority that they become rather exceptional in themselves. There has been no kick-back from that point, because certainly any group of people recognize that not everything that they propose is going to be accepted. So I would say that there has been no morale feed-back problem on that point at all.

QUESTION: Doctor, with respect to the attitude of belonging, I

winder if there is any conflict with our unions, of a man belonging to a union or belonging to a company. A construction compony doesn't hire a bricklayer; the union sends him out. How can he have a sense of belonging to that construction company?

DR. WATSON: That's a very pertinent question--not impertinent--pertinent. We have a union in one of our divisions. McCormick and Company was located originally in Baltimore; and as it has grown and expanded it has developed other divisions over the country. One of these is the Schilling Division, in San Francisco. For many years, they tell me--this was before I came with the company--they had tried every method of breaking into that market on the West Coast. They were unable to counteract the very strong position of the Schilling Company. So they were left no alternative but to buy the Schilling Company itself, which they did. It's not a monopoly, believe me; but that's what happened.

This company had a union when it was acquired. It had a Bridges union--a representative of the Longshoreman's Union; and that's a pretty militant union, if any of you know of it. And I have been asked many times: "Well, how can you work consistently within this philosophy having a union such as that in your organization?" I would be naive if I were to give the impression that it doesn't create some problems.

But I would say that, as far as the management set-up as I have described it--there's a junior board of directors in our Schilling Division, as there is in our McCormick Division. It works very well.

Our approach with the union people has been, again, to try to get them to see--and I think we've been fairly successful--that their interests

lie certainly, let's say, as much in the success of this company as they do in the validity of their union. We have said many times that our program of management philosophy can work and does work whether there's a union or whether there isn't.

But, to answer your question specifically, that is one area that would be an area of conflict, particularly where the union deliberately, if it does, attempts to foster a sympathetic relationship to itself in contradiction to an understanding with the company. There are not so many unions that do that, but there are some who deliberately attempt to gain the support and loyalty of the employees and deliberately attempt to prevent its being established between management and employees, again in order to be able to control these people.

Fortunately, that is coming to be less and less so, I think. But in that area there is a problem of belonging for the employee--now, to what group does he belong? The union or management? And where you have a relationship where management is in opposition to the union, and there is conflict between the two, then the employee is going to have to express his loyalty in one direction or another.

I think the answer to that is--and there's no reason why this shouldn't be so--that the union and management recognize that they have common interests--and they do--and that the success and profitability of this business is as much in the union's interest as it is of management. The success of individual employees, as I have described here, is as much in the company's interest as it is in the union's. And although

this is just beginning to take effect, I sense that there are more and more relationships where union representatives and management recognize that they are dependent upon each other and that their aims are not necessarily incompatible.

Now, where you have a common understanding of that sort, then there is not this conflict of interest as far as belonging is concerned. But I certainly recognize, as we all would, that that would be a possibility of divided loyalty where some managements deliberately attempt to disenchant their employees as far as the union is concerned, and certainly the union attempts to disenchant the employees as far as the company is concerned. You can have a difficult sense of common belongingness.

But whether you have a union or whether you don't, this principle is very important. I remember a circumstance that happened at our own company shortly after I came there. We had a very large Government order at that time for tea. Tea is not the major product line of our company, but it is a substantial factor. And, as you may know, Government orders on a competitive pricing bid basis don't provide too much profit to the manufacturer. So we were attempting to obtain this order. But it was beyond the normal capacity of our tea department to produce.

Well, the meeting I am referring to, which happened shortly after I came to the company, was the meeting between the production manager and all of the members of the tea department, most of whom were ladies who operate tea-filling machines--a rather routine type of job, but one of important responsibility. There were about two hundred of these people

together in this meeting, and I was sitting down in the front row listening. This is the way the meeting started out:

The production manager told these people--and he had a chart up here where he said: "This was our projection of tea production for this quarter; and this is where we are, as you all know." And that was the first hint to me that something extraordinary was going on. Why should these employees know where their total tea production was for that department? But they knew. And he said: "Here we have this order for so much tea. That would be at this point up here. You know that when I was discussing it before, our facilities would produce so much. We think it would be to our mutual advantage if we could get this order. How are we going to do it?" That's where he stopped. "How are we going to do it?"

Well, apparently there had been discussions of this kind so many times before that with perfect ease and freedom, one by one these people, right out there in the room, began speaking up. These ladies, many of whom had not completed their high school education, began speaking up; and one of them said: "Well, if we were to put on a third shift, like we used to have, what would that do?"

He said: "Well, yes. We could consider that. We know that that would produce X amount more. But you know that if we put on a third shift, we can't hire new people to go on the third shift. We will have to transfer people who are on the day shift to this eleven o'clock at night to seven in the morning shift, and that's the problem."

Believe it or not, right there from the floor there were volunteers for this shift to work which is a very undesirable thing--a slight shift bonus, but not much--and they filled that shift quota right there. He said: "Well, this does only so much. That's not enough."

Somebody else said: "Well, what would it do if we worked on Saturday? How many weeks would we have to work on Saturday if we got up to this point?"

He said: "Well, if two of the shifts--it's not feasible for the third one--but if two of these shifts worked six days, this is what we could produce."

And one by one they suggested different things until finally they arrived at a point that said: "We can do this."

The production manager knew all along they could have done that. If he had followed a strict authoritarian approach, he would have called them together--maybe he wouldn't even have called them together--he would have posted on the bulletin board: "Sue Jones" and a list of people "report to the third shift starting effective so-and-so. Effective such-and-such a date, we will work Saturdays for such a period of time." And so on down the line. And you say: "That's a prerogative of managment." Sure; that's a prerogative of management--to organize its productive facilities as it sees fit. He could have done it that way. He didn't.

Now, I was very impressed with this and I felt compelled, after the meeting was over, to get up and make a little speech. I was new in

this organization. I made a little speech, the substance of which was I was proud to be associated with people who worked together like this, who understood their mutual problems and worked them out together. And I sat down to very mild applause, hardly any at all.

Just as they were leaving, a little lady there--I can remember her clearly now. She has since retired--came up to me. She had a twinkle in her eye as if she had a great, big joke on me, and she said: "Mr. Watson, you're new around here. We're glad to have you. But I want to tell you something. You probably don't know this, but we've had lots of problems like this before. We've always licked them before and we're going to lick this one too. Don't you worry."

Do you get the significance of that? Here I was an officer of this company. Even though I was new, I still was an officer of the company. I had the bars on my shoulder even though I'd been there just a few months. And she was saying to me: "Look, don't worry about this. We'll get this job done."

Now, I say, gentlemen, you can't buy that sort of belongingness with money. And that's the kind of thing that you find that creates a productive spirit.

That does not answer your question specifically. That could have been done with a group of union employees. It could have been, but it would have been a little more difficult. That's all.

QUESTION: Dr. Watson, this development of the so-called cooperative executive has taken place in the last twenty to twenty-five years,

wehn we have had a growing economy and more or less prosperous times. We have had plateaus, but no big depressions. Suppose that we were to get into a depression like we had in 1932, do you think we would still have these cooperative executives, or do you think we would revert to the old type and go back to the hard-boiled type of executive?

DR. WATSON: Well, I don't know what would actually happen. I think that the enlightened executive would recognize that for such circumstances as that, if he's been building up understanding and been building up cooperativeness, that would carry him through.

This is directly applicable to our own company's history in a little different sense. Nineteen thirty-two was just about one of these periods that you are talking about--'29 and '32--and McCormick and Company was literally on the rocks. In fact, there was question as to whether it would be sold, as to whether they could even make it at all, when Mr. Willoughby McCormick died.

I realize that this is, let's say, a more dramatic situation; that a new man coming in can do certain things that maybe a person that had been there all along couldn't. But it was at that time that Charlie McCormick was named president. Just before that the directors had already voted a cut in wages, about a 15 percent cut, and various other things to try to get this company in the black again.

Immediately he called a group together, and his first group were some of these younger men who subsequently became the first junior board,

and said: "What are we going to do about this?" And out of that came, not a cut in wages but an increase in wages of 10 percent; a reduction of the work week--I think it was something like fifty-four or six hours at that time down to forty-eight hours a week; various other things that were done throughout the place; and then a meeting with these people to say: "Look, we're in trouble, all of us. If you will work with us in this time of trouble, you can be assured that as we go along and grow through this period of time, you're going to share in the benefits of this organization." And in the depths of that depression this company went from the red into the black. It was a three-million dollar company then. It is today something over a sixty-million dollar company, and has been a profitable operation ever since.

Well, you say: "That's an unusual thing." But that's what did it; and if it hadn't been done that way, and if these people hadn't in some way been inspired to a sense of being part of this thing now, they never would have been able to accomplish this result. So I would say that establishing the kind of relationships that make for understanding and cooperation are the very strength that will carry the business through this period of adversity if those things are established properly.

MR. PULVER: Dr. Watson, it looks as if we're running out of time. On behalf of all of us here, I want to thank you for your co-operation, and thank you for a very fine lecture.

DR. WATSON: Thank you. I enjoyed it very much.

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