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From left to right: Mr. Macauley; E. F. Roberts, vice-president of manufacturing; J. G. Vincent, vice-president of engineering; H. H. Hills, vice-president of distribution.

"Though I keep extending and intensifying acquaintance with the individuals in our organization, I do not want to work closely with many. Even if I had the time I would not want to."

Management's Biggest Job Is Building Men

By ALVAN MACAULEY*
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THE biggest thing in management is selecting the right kind of men, and keeping them in the places which best fit their abilities.

Back a few years ago, at the height of boom times when there were more jobs than men, managers recognized this fact. To be sure, many business men not only recognized it, but also swung so far in the direction of their newly born thought that they passed considerably beyond the point where good judgment should have dictated that they stop.

Their methods were, in large measure, wrong, just as any excess is wrong. But the wrongness of their methods does not condemn the basic idea. Fundamentally the thought was right. No amount of wrong-headed execution could make right wrong.

Since then there has been a swing in the other direction. Once the pressure was removed, and overindulgence of "welfare work" had brought about its own end, business men have found it fashionable to give over thinking and talking about the problems of personnel. Yet personnel is the most important consideration in business – just as it was in 1875 and as it will be 50 years hence.

No doubt we, in our business, make as many mistakes in the original selection of men as does the next company. However that may be, we are extremely careful in selecting them. And once

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we have them, we are most chary about parting with them.

This disinclination to part company seems to be mutual. For during the last few years, our rate of labor turnover has been extremely low. This is testified to by the fact that 27% of our people have been with us for 5 years, and 12% have been here for 10 years. If we had not been steadily expanding and increasing our force of employees, the percentage would, of course, be materially higher.

A fundamental principle on which we work is that any manufacturer who has 10,000 men, as we have, or who has any considerable fraction of this force, has right there on his pay-roll every kind of ability that he requires. To be sure, this ability may not be developed, all ready to use. But it is there, whether the ability is in production, engineering, sales, accounting, or something else.

One of the principal functions of management – perhaps it might be safe to say the principal function of management – is to discern this ability, to know where it is and how it is progressing, and to be able to call on it when it is needed. To go outside of a sizable organization for a man to take a responsible place is a confession of weakness in the management, and probably a confession of weakness in the man at the head of the business.

The head of a large business cannot, obviously, be in touch with all of the men in his organization. He cannot hope even to know all of the foremen and the men above them. His intimate acquaintance with the men in the ranks is almost automatically cut off. If he strove to maintain it, he would have no time for his other work.

But he can make sure that the men with whom he has dealings – the men who are his direct lieutenants – are the sort who recognize ability of the right kind and see that it is rewarded. He can assure himself that these men are likewise keen enough to see that their direct assistants have the same abilities, and so on all the way down the line of the organization chart.

Personally, I work directly with seven men in our organization. They are the picked men who have been chosen for their abilities. To them we put up the task of seeing that the basic policies of the business are carried out.

It would be better if I could work with five men instead of seven. That I need to work with all seven probably indicates that there is room for improvement in my own methods right there. For the head of a large business needs to keep himself free of all details, otherwise he will find himself so hedged in with routine that he will be unable to do his big jobs.

WHEN those striking articles on Packard wage-cost-production control methods appeared, just a year ago, both Packard officials and FACTORY's editors were besieged by letters and visits from interested executives in other industries.

The methods were indeed remarkable. But behind them, and responsible for their startling results, was the more remarkable program of man-building which Mr. Macauley here describes.

But in spite of the fact that I deal with only seven men, I manage to get a good many contacts with others. Some of this is by intention; more of it just happens. But that it takes place, whether by design or not, is an important fact in my scheme of management.

For example, when the manager of manufacturing is away, I work with one or two or three of his assistants; just which men I see then depends on the questions which come up in the business. But through working with them from time to time I get to know them, to know their abilities, and to hold a very definite impression of what I may count on them for. It is the same way through all of the different divisions of the business.

Without making a conscious effort to do so, I keep extending and intensifying acquaintance with the individuals in our organization. About half the time, I lunch in our office building cafeteria. Right there I get to talk with a good many men in the course of a month. I see others repeatedly at the gun club, or playing golf, or in other outside activities.

Thus I am always forming judgments of our people. For instance, something I pick up from outside observation may lead me to suspect an unusual ability in a man, or perhaps to see what seems an inclination to turn a sharp corner when the opportunity presents. The man who shows ability may receive, a few weeks or months later, a promotion which he had not expected. The man with a bent for sharp practice may resign rather suddenly. And though neither one may realize the source, the inception was in some out-of-hours contact which showed me a strength or a weakness to be watched to see how it manifested itself in the man's business relations.

But while I am always glad to know better any of our people, I do not want to work closely with many. Even if I had the time I would not want to. By reason of my not working too closely with too many men, I am in a better position to view and judge their abilities from a detached view-point. And a detached judgment is ordinarily a good deal sounder than one which may be distorted by nearness.

I often tell our people that every one of us lives and works in a glass house, and what he does may be seen by every one. Even though I may never have had any personal relations with the head of a given department, and even though I have no idea of what he was busy at yesterday or is occupying himself with today, I know what his department is supposed to do. I have a working knowledge of how well it is doing its job. And here, again, I could not keep posted in this general way, I could not see the woods of accomplishment because they were obscured by the trees of individual incidents, if I kept too close a contact with too many individuals.

Similarly, I find that it pays not to get too closely connected with the work of even the men who report directly to me. By holding my hands off, and at the same time keeping my eyes on them, I keep a better perspective. They develop faster along the lines of good executives, too, because this method of

handling places more of a load on them and broadens them.

Always we work "through channels," as the military phrase has it. If, say, a department manager does an exceptionally good stroke of work or makes a serious error, then I take it up with the man directly in contact with me under whom that department head comes. The man further up, say, a vice-president, is worthy of commendation or criticism for selecting and keeping a subordinate who would do what the department head has done. And the department head who actually did the job, whether good or bad, hears of it from his direct superior in the organization.

One of the really important characteristics for which we watch in a man in a supervisory capacity, whether a vice-president or a foreman, is his ability to work with other men, to keep them loyal, to find their strength and weaknesses, and to direct them accordingly in the way that uses their strength to greatest advantage. If a man well up in the organization has this set of characteristics, he is a pillar of strength. If he hasn't them, then he is weakening that whole part of the organization which is under his charge. And the higher such a man climbs, the more danger there is if he lacks this ability.

Sometimes, of course, we find a man who has some specialized abilities so considerable that he is worth holding on, and perhaps in a high place, even though he does not work out so satisfactorily in human relations. But such an instance is comparatively rare. For there is no part of management more important than working with other men; this is management. But with such a man the management above him must make a constant effort to use his specialized gifts while always minimizing the danger from his weakness.

In our business we pay an extraordinary amount of attention to transfers. This is true in both the upper ranks of the organization and in the lower. And while, as I have said, in a business of this size, I am of necessity somewhat removed from the rank and file of the employees, we have executives well up in the organization who know all of the foremen and most of those who have been with us very long.

Here is how it works. John Siebold, let us say, has been running a turret lathe. But he has not been turning out the production which is standard for his machine on his operation. Of course, he cannot be kept on the lathe. The way work is scheduled through the factory precludes keeping any one who cannot maintain the standard rate of production.

But one of our manufacturing executives will almost surely have noticed Siebold even before the tell-tale production figures have revealed his weakness as a producer. The executive may have thought he seemed a slow worker; but at the same time he noticed John's keen eye for inaccuracies, and his great care to do his job with absolute precision.

A man with an eye for imperfections makes a fine inspector. He is just the type of man who holds quality up to the mark. So Siebold is transferred from his turret lathe to an inspection job – and forthwith makes very good at it. Just such a man is likely to become one of our courts of final appeal in matters of inspection. Yet as a producer he was substandard. When the management found out his strength, even before his weakness came out in black and white, it was simply performing the elementary duty of management.

"We Have Several Prominent Examples"

Often, of course, a really good man's abilities come to light only when he transfers from an unsuitable line of work to a job for which he is really fitted. We have several prominent examples of this.

Our engineering vice-president is such an example. He was in the hay and grain business – and not very good at it, by his own say-so. Later he became a tool-maker for a concern of which I was then general manager. No matter how he ranked as a hay and grain merchant, he was an excellent tool-maker.

It was not long before I had to promote him to superintendent of inventions in the adding-machine business. And, eventually, some time after I had come to Packard, he came as head of engineering.

Then there is our distribution vice-president. He was a physician. But, somehow or other, the inner workings of automobiles appealed to him more than did the inner workings of human beings. He shifted into the automobile business.

After he came to work at Packard, he went through a very considerable schooling experience. When he ended up in his present place, he was in a niche which he fills admirably. But his earlier occupations gave no hint that this was something for which he was destined. And before he had been with us very long, the management began to see his trend. And this has been the result.

But transfers are by no means confined to men who are misplaced. Perhaps, after all, a man may be said to be misplaced when he has abilities beyond what his current work requires. More of our men in high places have been promoted because they made such successes of previous jobs that they had to be transferred to something bigger.

Our advertising manager is an example of exactly this. He started out in the plant, and he did an excellent job there. There is no doubt that if he should today feel the urge to don overalls and go to work for day wages, he could hold his job in any automobile plant which values good workmen.

Even while he was making good with his hands, however, he kept thinking and talking about selling. Selling trucks was the particular thing he had on his mind. And because he had such a trend in that direction, and because we try to keep our people in supervisory positions sensitized to their subordinates' abilities and aspirations, he was transferred out of the plant and sent to Chicago as a truck salesman.

As a truck salesman again he made good. He became motor-truck sales manager at Chicago, and eventually general manager of truck sales for the whole company, at Detroit.

But his sales letters, and his letters to dealers and salesmen and branch managers, stood out far above the average of such letters. His notes to his superior officers in the company, and to his subordinates, were peculiarly interesting, while at the same time they were effective. His outside correspondence had a friendly, sincere ring – and from time to time it sold some motor trucks.

Obviously, he had the gift of expressing himself on paper; he had selling sense, and a successful history of selling. So although without previous advertising experience, he was transferred to advertising manager, and thus landed in a place for which he is eminently well fitted. He is doing a better job of it than we had even expected, confident as we were of him.

Often when I want to size up a man for an immediate opening ahead, or simply for knowledge which may be needed in the future, I send to the files for his letters. Then I take what time I can spare from day to day for reading over the letters in the files.

There is a method which gives a real insight into a man's way of looking at things, his tact, his ability, his straightforwardness. Just a few letters will not do this, for the specimens may not be typical. But a complete file of the letters a man has written will, when sampled, reveal a world of information

to some one who knows that man. It would, in fact, reveal a great deal to the man who wrote the letters if he could take the time to read them over a few months or a few years after they were mailed.

At the outset of this article I said that the biggest job in management is selecting the right kind of men, and keeping them in the right places which best fit their abilities.

This is not, we are convinced, to be accomplished by "welfare work," and other panaceas. There is good reason for many of the activities in the field of industrial relations. But each activity must be weighed on the same scale as any other business activity. It must answer the question: "Will it increase net profits even indirectly?" If the answer is "yes," then it is worth while having.

But in men and women in industry the one prime consideration is what may be obtained from the present and the future. And to the ambitious employee – who is likewise usually the really valuable employee – a knowledge that the management is alert to his ability is both comforting and stimulating.

Finally, let me repeat what I have already said in this article, that personnel is the most important consideration in business now – just as it was in 1875 and as it will be 50 years hence.