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HOW TO CUT LABOR COSTS IN YOUR PLANT

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HOW TO CUT LABOR COSTS IN YOUR PLANT

A

Special Report

by the

Staff of the

National Foremen's Institute

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New London, Connecticut

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## A Guide To New Effective Labor Policies

### HOW TO CUT LABOR COSTS IN YOUR PLANT

Today's personnel industrial relations and labor relations directors must keep up with the latest in labor relations and personnel practices.

With increased competitive pressure on prices, management is bearing down upon them to take immediate steps to cut mounting costs now diluting company profits.

Competition for skilled labor is keener. Union rules are stricter. Cost of fringe benefits is greater. Moreover, employee and labor relations are seething with change and perennial problems as never before.

Yet there are companies who, when faced with a particular problem, have come up with a workable solution. Many of these solutions you will find here.

In the next few minutes you'll come upon enough "know how" tips and aids, ideas and leads in the experience of others to adapt and improve your labor relations or personnel program.

Here they are.

## I. HOW JOB ANALYSIS HELPS YOU CUT COSTS

The soaring cost of doing business in today's market is, in too many instances, squeezing profits out of the picture. Federal, state and local taxes are mounting. So are costs of labor and plant equipment.

In an effort to decrease costs and increase efficiency, alert management tries to find ways and means to do an operation better today than was done last year, last month, or even last week. One of the ways to accomplish this is through job analysis.

Here's a step-by-step procedure used by a leading manufacturer in Ohio.

Take a good look at what goes on in your plant, department by department. Do this in a systematic way. It will enable you to reduce your costs.

How is this possible? By making an orderly analysis and study of your own operation.

Specifically - take each of the jobs and operations in every department. Then, ask yourself these questions:

1. What is the purpose of the job?
2. How long have we been doing it that way?
3. Why do we do it that way?
4. Is there a better way of doing it?
5. What would it cost to do it the better way, and how much would we save by it?

Review each job in terms of these five points. If you feel you need help, read trade papers or look through manufacturers' catalogs. (Also, the United States Government Printing Office, Washington 25, D.C. publishes helpful material you can have at low cost. (Write to this agency and ask to be put on its mailing list.)

To analyze operations, you must observe. Break jobs down into steps, put what you see down on paper, evaluate what you saw and, finally, come up with a possible improvement.

As an illustration of the types of problems you can work on, here are some questions to ask yourself:

### 1. OPERATION ANALYSIS

- a) Is this operation necessary?
- b) How much lost time is there on the job?
- c) What are the reasons?

- d) What can be done to eliminate the lost time?
- e) Is the employee doing the right job?
- f) Was he properly instructed?
- g) Are all the work-steps necessary?
- h) Are they being done in the shortest, simplest way?
- i) Do we know what a fair day's work is on the job?
- j) Are we getting it?
- k) If not, why not?

## 2. SEQUENCE OF OPERATIONS

- a) Are we using the most efficient sequence of operations?
- b) Can any be combined?
- c) Can any be done cheaper some other way?

## 3. DEPARTMENTAL LAYOUT

- a) Are the machines and work places located so as to keep materials handling to a minimum?
- b) Does the work flow through the department in a reasonably straight line, or does it move back and forth.
- c) Is there adequate storage area?
- d) Are aisles kept open?
- e) What other arrangement of machines could be made? Would it be better? What would it save?

## 4. MATERIAL

- a) What are the losses due to scrap, spoiled work and reoperation?
- b) What are the causes?
- c) How can the losses be reduced?
- d) Is there any quality control?
- e) If there is, are the standards possible to meet?
- f) Is there any time lost waiting for material?
- g) If so, how much and why?

## 5. MATERIALS HANDLING

- a) What does it cost to handle materials?
- b) Is the material handling equipment itself efficient?

## 6. EQUIPMENT

- a) How old is it?
- b) Is much time lost due to breakdowns?
- c) Are repair costs high?
- d) Is it being operated at the right speeds?
- e) Are there newer and better machines on the market?

f) How long would it take to pay for one in terms of possible savings?

7. CONSIDER THESE HELPFUL SUGGESTIONS

- a) Don't confine your analysis to work done by the best worker in the job.
- b) Make sure the workers know who you are and why you're there.
- c) Show the worker he's helping to find facts that will help him.
- d) Be interested in any information he gives you.
- e) Talk to workers and supervisors in their own language.
- f) Don't argue with the worker, or tell him how to do his job.
- g) Don't tell the foreman how he ought to run his department.
- h) Don't confuse the work done by the worker with the work done by the machine.
- i) Don't confuse the work process with the abilities required to carry it out. You're analyzing the job, not the worker in it.
- j) Don't overlook anything. Investigate a point completely before discarding it.
- k) When studying your analysis, confine yourself to statements of fact observed.

## II. HOW TO WIN COOPERATION - IMPROVE MORALE - RAISE EFFICIENCY LEVELS

Controlling employee performance comes under the heading of discipline. But, effective discipline is a force that develops within the worker himself and causes him to want to conform to rules, regulations and high standards of work and behavior.

How can you gauge good discipline? In general, proper discipline prevails when employees come to work regularly and on time; when they're dressed properly for their jobs; when they handle materials and equipment with care; when they turn out a satisfactory amount of quality work and follow the job methods set up by your company; and when they do their work in good spirits.

Here are some strategies recommended by Alex Kurzer, personnel manager of a well-known plant in Detroit.

### 1. ESTABLISH THE REASON FOR THE DESIRED ACTION

To encourage a good working habit, first get the employee to decide in favor of the desired action. Best way to do this is to demonstrate why it is essential, necessary or helpful.

Take time to explain the whys and wherefores in detail. But make sure the employee understands and agrees to try it out. Once he's reached a favorable decision, half the battle is won. As the action is repeated and develops into a habit, it becomes more and more automatic and less explanation is required.

### 2. MAKE SURE THE ACTION IS REASONABLE AND APPLIES TO EVERYONE ALIKE

If employees are to accept and develop a rule, policy or direction into a working habit, it must be fair and reasonable. It should be realistic. It must be capable of being enforced. It should be within the physical or mental capacity of the workers. A rule that can't be enforced is worse than no rule at all.

For example, a regulation prohibiting employees from going to the wash-room during working hours is clearly not realistic. Hence it is not enforceable.

By the same token, a rule must apply equally to all if it is to be realistic and enforceable. Not only should it apply to everyone in a department, but it must be in line with over-all policy in force in other departments. It would be difficult, if not impossible, to enforce a "No Smoking" rule among certain employees if you let others get away with it,

or if they know that the rule is not being followed in other departments without special reasons.

Should discipline be "tight" or lax?

Obviously, from what has just been said, it follows that there is no hard-and-fast rule. Standards vary in different companies. It's unrealistic to attempt to set up a "tight" disciplinary policy in one department if the rest of the company operates under a lax system. Similarly it is not wise to follow lax standards in the face of a stern policy. The degree of toughness or laxity is less important than the consistency of the discipline.

3. SHOW THAT THE DESIRED ACTION WILL SATISFY SOME SORT OF BASIC NEED SUCH AS FOOD, SHELTER, COMFORT, APPROVAL OR PRIDE.

In addition to giving reasons why the action is necessary from the company's point of view, you must also show your employees how they, as individuals, will gain by it. For example, you might explain how it will make their jobs easier or safer, or improve the quality of their work.

Even when it's difficult to show immediate benefit in terms of money, safety or comfort, it's usually possible to appeal directly to the employee's pride in workmanship - a powerful motivating force.

In other words, it's understandable that your employees might balk at developing a habit if you only show why it is important to the company. But they can have little argument if you convince them that it is also beneficial to them.

4. ONCE THE ACTION IS ESTABLISHED, MAKE NO EXCEPTIONS

Once a favorable action is established, don't deviate from it, else the habit will be destroyed. Remember that habits are changeable. Bad habits can replace good ones if you're not careful.

There are times when common sense requires that you make an exception in a particular case. But exceptions should be as few and far between as possible. Otherwise there's the danger that two patterns will be set up in the employee's mind - the right way and the wrong way. This can easily lead to confusion, and the employee may forget which is the right and which is the wrong.

5. INTERRUPT WRONG ACTIONS IMMEDIATELY AND CONSISTENTLY

Toleration implies approval. "Looking the other way" when an employee commits a violation encourages bad habits. This is true even if the employee is a first offender. Giving in or making an exception invites

a repetition of the violation.

Since workers are human, they have a tendency to go as far as they are permitted. Experience shows that the frequency and severity of violations always increase when the supervisor takes a "soft" or tolerant attitude.

Because the employee assumes that silence means assent, he'll continue to act the wrong way. By letting him get away with it, you are encouraging the formation of a bad habit. At this point, even if the boss intervenes, the worker will likely as not continue to work the wrong way through force of habit and because he has learned that only once in a while will anything be done to stop him.

On the other hand, correcting an employee when he commits an offense the first time or the first few times will help initiate a good habit. The result is saving of time, effort and trouble later on.

#### 6. ASSOCIATE THE WRONG ACTION WITH SOMETHING UNPLEASANT

Many supervisors complain that they don't have the time to give workers the close supervision needed to stop an undesirable habit before it develops. This argument is not valid.

It ignores the fact that it is not the time spent correcting a worker that's important, but the sequence of operations. If an employee knows he can't get away with an undesirable action because the boss will interrupt him or reprimand him each time, he soon decides that the offense isn't worth the trouble. This is true not only of discipline on the job but in other areas as well.

How often do we hear a supervisor ask wearily: "What am I going to do with this typist? I've told her a dozen times not to use the office phone for personal calls. I just don't have the time to keep after her every minute of the day." A close examination of this type of disciplinary problem will invariably show that it is the supervisor who is at fault.

Perhaps the supervisor notices for the first time that the typist is making a personal call. But he says nothing. The next day the same thing happens and he feels a little annoyed. When she makes a personal call the third day in a row, he begins to see red, and makes up his mind to bawl her out when it happens again. And it does.

The typist is shocked to find herself the victim of the boss' fuming. She says to herself: "I've been doing it right along, so why should he make a fuss about it now?" She assumes he's angry because of some personal problem and is only taking it out on her. To pacify him she promises not to make personal phone calls again. But the next day she's back on the

telephone.

The supervisor, somewhat ashamed for losing his temper, again overlooks the violation. The pattern is repeated, and the following week another stormy session takes place.

Almost anyone who has a family knows that a youngster will never develop habits of tidiness if he is made to pick up his clothes only occasionally instead of consistently. Yet it is surprising how many supervisors who are successful in instilling good habits in their children forget that the same principle applies to training employees.

#### 7. REPLACE BAD HABITS WITH GOOD ONES

Changing unfavorable habits calls for positive action.

Remember, good habits are essential if proper discipline is to prevail. You cannot leave a vacuum. It's not enough to tell a worker: "You can't do that."

You must also tell him what he can do, how to do it, and what you expect of him. Make sure he's able to meet the standards you set.

While it is desirable to give employees certain freedoms wherever possible, make them realize that there is a certain line beyond which they can't abuse those freedoms. Have it understood that if they go beyond this point, you are entitled to be firm, strict or even harsh.

A policy like that is to the employee's advantage. He will feel more secure when he knows exactly what he can and can't do, and he doesn't have to wonder whether he can get away with violating a rule or not. However, just as it is important to interrupt or disapprove a wrong action, remember to commend a worker when he develops a favorable habit.

#### 8. COOPERATION MUST BE GIVEN BEFORE IT IS RECEIVED

You cannot get cooperation by demanding it. Nor does it help to sit back and complain about the lack of it. If you're not getting cooperation, step back and examine yourself. Is it really the other fellow who is not cooperating? Or are you at fault?

The real secret of winning cooperation is to give it first. And you must continue giving it without expecting immediate returns on your investment. It's like priming a pump. Even when the well is full, you might have to pump the handle several times before water flows. Eventually your efforts will be rewarded.

You may have to help someone two, three or four times before the oppor-

tunity for him to repay you arises. It's a human trait to want to repay kindness in kind.

## 9. AVOID ARGUMENTS

Perhaps you'll say this is easier said than done. What happens, you may ask, if someone comes running up to you red-faced and indignant about some real or imagined injustice? Skillful handling can usually avert an argument that might lead to serious trouble.

Never walk away or try to shut the fellow up. Since he is already steaming, this would merely increase the pressure within him to the boiling point. Let him tell his story without interruption. When he's finished, allow a few seconds more for him to recall details he may have overlooked, or to repeat the more aggravating parts of his complaint. A sympathetic and understanding ear is the most useful safety valve for warding off a potential explosion.

Next, arrange for a further cooling-off period. Suggest that you'd like to look into the problem further, think it over, or discuss a solution later on. Even if you have the answer now, hold on to it. If it's morning, suggest a second meeting in the afternoon. If it's the afternoon, put the matter off until the following morning. There's good reason for this.

Since the person is still tense and excited, he isn't likely to listen to an explanation, no matter how logical. Emotional problems rarely are solved by presenting facts or a book of rules. When you're ready and equipped with a full estimation of the situation - and only then - give your opinion about the matter. Don't criticize. Don't try to prove the other person factually wrong. It makes him feel stupid and embarrassed. You may win the immediate skirmish, but the long-range aim of building cooperation is lost.

Try to agree with points in the other person's favor. Arguments thrive on opposition and die on agreement. You can usually find something in the other person's side of the story to agree with. It is rare for one individual to be completely right and the other completely wrong. Once you've established points of agreement, lead the employee along so that he will come of his own accord to the answer you had in mind. You enable him to save face and credit himself with reaching the right conclusion.

Remember, every heated argument has two losers and no winners. Each person is too busy thinking how to prove his own case to be convinced of the merits of the opposing point of view. He'll wait - or interrupt - impatiently to present his own side without really listening to you. In the end, he'll walk away a little bit angrier and more convinced than ever that he is right.

## 10. ADMIT YOUR ERRORS

The best policy is to avoid making mistakes in the first place. But there are times when all of us commit blunders. We have a choice of trying to cover up our errors or admitting to them frankly.

Covering up mistakes requires that you hide them, lie about them, or pass off the blame to someone else. It often leads to repetition of the error. In the long run it fools no one since the truth is bound to come out eventually. Covering up mistakes creates resentment and gossip. You lose stature in the eyes of your employees. Most people dislike the person who is "always right," especially if he tries to give that impression even when he and they both know he's wrong.

No one has ever lost the respect of his fellows by honestly admitting a mistake. Just the opposite is true. It pictures you in the eyes of others as a human being. It inspires the added confidence of your subordinates. It also sets an example for employees so that they won't hesitate to come to you when they are in error. At the same time, a frank admission helps impress the mistake on your own mind so that you're less likely to repeat it in the future.

## 11. ESTABLISH A RECEPTIVE FRAME OF MIND

The human mind operates in such a way that effort is required for it to change from agreement to disagreement and vice versa. Once you have a person in a "Yes" frame of mind, it becomes difficult for him to say "No."

This principle of establishing a receptive frame of mind is well known by salesmen and advertising writers. Take the case of a door-to-door salesman who is out to sell your wife an encyclopedia. If he knows his business at all, he'd never think of simply asking, "Would you like to buy this encyclopedia?" Instead, he will probably knock at the door, excuse himself for taking up your wife's time, and ask politely: "Do you have any children?"

If the answer is "Yes," he follows it up with another question: "Do they ever ask you any questions?"

This time the reply is likely to be a hearty, interested one: "Well, of course they do! They pester me with all kinds of questions."

The salesman now produces his sample book, opens it and says, "This book has pictures and the answers to all their questions. Would you like to own a copy?"

The salesman, by his questions, seeks to establish a receptive frame

of mind. After two or three "Yes" answers it becomes hard for the prospective customer to say "No."

In a sense, too, that's what the advertising writer does when he prepares an advertisement showing a pretty girl wearing the "X" brand of garment or smoking the "Y" brand of cigarette. The girl serves as an eye catcher. The advertising writer attempts to set up a receptive frame of mind. He hopes that the admiration of the men and the desire of women readers to be like the girl in the ad will be transferred to the product he's selling.

You can put your employees in a "Yes" mood by getting them to "agree" before asking them to "buy" your decision. Get them to agree that something must be done. Let them see for themselves how the group as a whole - and they as individual members - will benefit. Finally, get them to agree that their active cooperation is essential.

Let's assume you've noticed that the room where office supplies are stored is badly in need of reorganization. This is an undesirable, tedious job. How should you approach the woman employee whom you have in mind for the task?

One way would be to go up to her and simply order her to do it. Her reaction might be, "Why pick on me?" You would probably get the job done, but chances are it would be carried out carelessly and with a lot of grumbling.

A better approach would be first to get her to agree that a reorganization is necessary. Find out if she and her fellow-employees are having trouble locating the supplies they need. Get her ideas on how the job should be done. Ask her if she really thinks the new system will improve the situation.

Having agreed on the need for the reorganization, the new system to be used, and the fact that it will make things easier for her and her fellow-employees, it will be hard for her to say "No" when you finally suggest that she undertake the job. And, since you've established a receptive frame of mind, you can be sure she'll carry out the task with far more care than if you had simply ordered her to do it.

## 12. DRAMATIZE IDEAS OR SUGGESTIONS

To get an employee to cooperate on a particular project, you must first get him to agree on its value. Sell him on the merit of the idea. The best way to do this is to dramatize it wherever possible.

We often try to explain ideas merely by "telling" them. Since many people have trouble translating what they hear into a clear mental picture, this can lead to unnecessary misunderstanding and disagreement.

The sense of sight is the strongest and most useful of our five senses. Most of what we learn is absorbed through the eyes. When dramatizing ideas, therefore, it's wise to make use of visual aids when you can. Visual aids include charts, photos, demonstrations, drawings, films, etc. They help you utilize the other person's most efficient organ of learning.

13. A SYMPATHETIC "NO" IS BETTER THAN A HARSH "YES"

Situations often arise where "No" is the only answer. You may be forced to disagree on the merits of a particular idea, or suggestion, turn down an employee's request for some favor, or reject an unsatisfactory excuse. Unfortunately, no one has yet found a way to say "No" so that it is entirely satisfactory to the person or persons involved. But with a little planning and effort you can usually minimize the disappointment and resentment it is bound to cause.

How can you disagree with or refuse someone and yet keep the doors open to future cooperation? The answer lies in doing it without wounding the individual's pride, dignity or ego. Here are some of the things to keep in mind when saying "No":

- a) Be friendly. Put the employee at his ease.
- b) Listen patiently. Hear the full story. Take a real interest in what he has to say.
- c) Where you honestly agree with certain points he's made, let him know you think he's right.
- d) Explain thoroughly your reasons for saying "No" at this time to his request.
- e) Be as tactful as possible. Although you've been forced to turn him down, there's no reason to make him lose face in the process.
- f) Let him know your door is always open to him. Indicate that he's welcome to return with any future problems, grievances, suggestions or requests.
- g) End on an appreciative note. Thank him for coming to you. If you can sincerely compliment him on his past work, it's a good idea to do so at this point. The word "No" is always less bitter when it's sweetened with a bit of merited praise.

14. SET A FAIR CHALLENGE

People like to rise to challenges. They respond readily when an appeal is made to their ability or pride of workmanship. They perform better and are more cooperative when they're presented with a challenging goal. Incentive pay systems use this principle. So does the practice of posting production records where everyone can see them.

People like to make comparisons with their own earlier records and try to

beat them. Letting employees know how they're doing is a dependable everyday incentive.

To be effective, a challenge must be fair. It must be attainable. This doesn't mean it should be easy. Overcoming obstacles gives employees an opportunity for self-expression and personal accomplishment. They like to meet a production standard that seems almost beyond reach, eliminate a difficulty in some phase of work, or complete a job under unusual working conditions. But a job that's so tough as to be completely beyond a person's ability will quickly kill his interest and self-confidence.

The best challenges are short-range ones. To the average person, winning five dollars next week is more important than winning ten dollars next year. If a job is long and involved, divide it up into a number of short-range goals instead of a single one at the end. As soon as one objective is passed, your employees will set their sights on the next goal.

#### 15. PRAISE IN ADVANCE

People need appreciation. They feel a deep hunger for praise. It gives them a sense of personal achievement. Even the worst grouch secretly yearns for a little honest recognition. A wise manager is able to find something to commend in even the least competent man or woman who works with him.

You can also get more cooperation by praising in advance. People have a tendency to do what is expected of them. If they're treated as if they can't do much, they don't try very hard. When they realize that you expect a great deal of them, they'll try to live up to your expectations by putting forth their best efforts.

For example, you might say: "Bill, you've been around longer than I. You know more about this job than I do. I'm having a little trouble and I wonder if you can help me iron it out?" When you put it that way, Bill will do his best.

#### 16. DON'T DEMAND COOPERATION

You can't force people to cooperate. True cooperation can only come on a voluntary basis. If you need help, particularly if it calls for someone to go out of his way or inconvenience himself, ask for it. Don't order or demand it. People enjoy helping when the decision to cooperate is theirs. They resent being forced to do so.

When you win an employee's cooperation, you know he's helping because he wants to - because he gets satisfaction from doing so. He will always give more of himself than if he were simply ordered to cooperate. Developing cooperation is a key to unlocking the valuable storehouse of unused

human energy that is present in most people.

When asking for cooperation, a direct request may not even be necessary. A mere hint or suggestion may be enough to awaken the individual's helpful impulse. Whenever possible, let him decide how to help you and how much to do. This way he feels that the idea to cooperate originated with him. He also feels he has a say in how the task should be done. He has a dual personal interest in seeing it turn out successfully.

### III. HOW TO CONTROL TARDINESS AND ABSENTEEISM

Tardiness and absenteeism are particularly serious in companies where the job of each employee is interrelated: production suffers when everyone is not present. A major part of the task of controlling these two problems falls on the supervisor, since his relations with the worker are closer and more personal.

#### 1. TARDINESS

Tardiness is usually handled in one of two ways. Many companies lay down a hard-and-fast rule for dealing with tardy employees and make no exceptions. If a worker punches in late, he's docked a quarter hour of pay. A second offense may call for stiffer punishment, and a third offense may mean suspension. This type of strict policy has its drawbacks. For one thing, it doesn't take into account situations where lateness is unavoidable. Secondly, an overly strict policy invites absenteeism. The employee who knows he'll be late may decide that he'd rather take the day off.

The other extreme is for the company to allow supervisors complete discretion in dealing with tardiness. But if the supervisor is easy-going, he may ignore the problem, regardless of what time his employees come to work. In such cases the tendency is for tardiness to increase to the point where even the most punctual employee begins to feel like a fool for getting in on time.

This is the reverse of good discipline. By not taking some sort of action, both the company and the supervisor are training their employees to come late. Moreover, such a negative approach is unfair to the tardy employee because he receives no warning or guidance. Toleration of infractions may actually encourage an individual to be tardy so often that he has to be fired, demoted or otherwise dealt with severely.

Probably the most effective solution lies in a moderate approach somewhere between the above extremes. Actually, some company-wide policy is needed so that supervisors will know whether their policies are consistent with the over-all company attitude toward latecomers. Tardiness should be brought to the workers' attention.

Find out why the employee came late. Examine his past record of lateness. From this and from the excuses given by the employee, use your judgment in deciding whether the infraction was avoidable. Generally, how often an employee is late is more important than how late he is. There might be a good reason for an employee with an otherwise excellent record to come in an hour late once or twice. But a pattern of continued lateness - even if it's only a matter of five minutes - may call for more serious measures.

One well-known food company has adopted an effective method of dealing with tardiness. Supervisors are instructed to come in 15 minutes early each morning and to greet each employee at the department entrance in a friendly, cheerful manner. If an employee is late, the supervisor asks the reason and notes it down in a record book. Although action is taken only in extreme cases, the company's tardiness record is one of the best in the country. The workers, while secure in the knowledge they'll be dealt with fairly if a delay is unavoidable, have come to the conclusion that the inconvenience of explaining lateness just doesn't make tardiness worth while.

Tardiness can also extend to recesses like coffee breaks and rest periods. In companies where employees are on a piecework basis, the problem may not be serious. But where the worker is on an hourly basis, there is a tendency to abuse the privilege. Unless the supervisor insists on firm discipline, a ten-minute break may grow to fifteen or twenty minutes and eventually to a half hour. Coffee periods are a privilege, and this fact should be stressed to employees who return late. They should be warned that continued abuse may force the company to cut recess periods out altogether.

## 2. ABSENTEEISM

Much of what has been said about tardiness also applies to absenteeism. While it's important to adopt an understanding attitude toward unavoidable absenteeism, you can't afford to ignore the worker who stays out for personal convenience or just because "he felt like it." You should demand an explanation if for no other reason than to let him know he's not getting away scot free.

The employee who finds that he can't simply shrug off his absences but must explain them in detail and submit to questioning by his supervisor and perhaps to one or more higher executives will soon conclude that staying away from work without good reason presents too many complications.

One large oil refinery in New Jersey employing thousands of workers found that 200 man-days a month were being lost through absenteeism from causes other than sickness and accidents. This represented an increased labor expense because other employees had to cover the work at time-and-one-half pay. Confusion, inferior quality and quantity of work, and other inefficiencies resulted. The refinery personnel manager realized that too little attention had been given to the problem in the past. He advised employees that all absentees would have to clear through his office before returning to work. Regular violators were interviewed to determine the causes of absences. Several months of this procedure brought the man-days lost each month from 200 down to less than fifty.

## 3. TWO DEVICES FOR CONTROLLING ABSENTEEISM

Many ways to control absenteeism have been tried with varying degrees of success. But a preliminary to any effective method of control is a system which keeps track of absences and analyzes the reasons for them.

Here's a dramatic record-keeping method that utilizes different colored time cards for different types of absences - green for unexcused absence; white for excused absence; blue for leave of absence; red for absence due to sickness. (See below for examples.)

<b>UNEXCUSED ABSENTEE</b>	
<b>Do Not Punch This Card</b>	
Name .....	
Please report to Personnel Department for Clock Card before returning to work.	
Job .....	
Last Day Worked .....	
Returned .....	
How many days absent .....	
Reason .....	
O. K. ....	Date .....
Remarks .....	
.....	
.....	
Employee's Signature .....	

<b>EXCUSED ABSENTEE</b>	
<b>Do Not Punch This Card</b>	
Name .....	
Please report to Personnel Department before returning to work.	
Job .....	
Last Day Worked .....	
Returned .....	
How Many days absent .....	
Reason .....	
O. K. ....	Date .....
Remarks .....	
.....	
.....	
Employee's Signature .....	

These cards remain in the time-clock rack all the while an employee is away from his job. Being open to public view, they act as a deterrent to other potential offenders. Another advantage of this system is that it enables the foreman or supervisor to make a quick check on all absentees in his department.

Personnel Department also checks on the absentee under this system. The employee is obliged to call at that department for his regular time card before reporting for work.

A long-range record of an employee's absences - and the reasons for them -

can be kept on the Absentee Calendar. Absences are recorded each day on the calendar of each person who fails to punch the time clock; so is the proper code number for the cause of the absence.

No. ....

**SICK**

**Do Not Punch This Card**

Name .....

Please report to Personnel Department before returning to work.

Job .....

Last Day Worked .....

Returned .....

How many days absent .....

Reason .....

O. K. .... Date .....

Remarks .....

.....

.....

Employee's Signature .....

.....

Red |

Dept. .... Clock No. ....

No. ....

**LEAVE OF ABSENCE**

**Do Not Punch This Card**

Name .....

Please report to Personnel Department before returning to work.

Job .....

Last Day Worked .....

Returned .....

How many days absent .....

Reason .....

O. K. .... Date .....

Remarks .....

.....

.....

Employee's Signature .....

.....

Blue |

Dept. .... Clock No. ....

This calendar gives your foremen a ready reference guide to an employee's record without troubling the Personnel Department. It's particularly helpful as a gauge when making out merit rating forms. Also, the calendar becomes a permanent record. If an employee is transferred to a new department, the calendar goes with him. At the end of the year, it's sent to the Personnel Department for filing.

Here's an example of the Absentee Calendar:

**ABSENTEE CALENDAR**

Employee.....  
 Clock No.....

**Reasons for Absence**

- |   |   |
|---|---|
| <p><b>Excused Absence</b></p> <ol style="list-style-type: none"> <li>1. Vacation With Pay</li> <li>2. Authorized Absence Without Pay</li> <li>3. Personal Illness</li> <li>4. Serious Illness in Immediate Family</li> <li>5. Injury in Plant</li> <li>6. Injury Outside Plant</li> <li>7. Military Reasons and Jury Duty</li> <li>8. Religious Belief</li> </ol> | <p><b>Unexcused Absence</b></p> <ol style="list-style-type: none"> <li>9. Home Duties</li> <li>10. Transportation and Housing</li> <li>11. Discipline</li> <li>12. Unknown and Other</li> </ol> |
|---|---|

JANUARY							FEBRUARY							MARCH						
SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
				1	2			1	2	3	4	5	6		1	2	3	4	5	6
3	4	5	6	7	8	9	7	8	9	10	11	12	13	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28	29						28	29	30	31			
31																				
APRIL							MAY							JUNE						
SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
				1	2	3							1			1	2	3	4	5
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26
25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30				
							30	31												
JULY							AUGUST							SEPTEMBER						
SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
				1	2	3	1	2	3	4	5	6	7			1	2	3	4	
4	5	6	7	8	9	10	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31	29	30	31					26	27	28	29	30		
OCTOBER							NOVEMBER							DECEMBER						
SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
				1	2			1	2	3	4	5	6			1	2	3	4	
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	
31																				

#### IV. HOW TO CALCULATE FRINGE BENEFITS QUICKLY AND ACCURATELY

How do you compute the costs of fringe benefits? When your company grants an extra holiday with pay, or an added rest period, how many cents per hour do these items amount to?

Many employers negotiating extra benefits give little thought to these important questions. Because fringes are "hidden" costs, management men often overlook the simple fact that employee benefits come right out of the company's financial till.

A full-scale employee benefit program represents a sizable outlay of company funds. To prove a sound investment, it should pay off with a work force that's stable and cooperative because employees fully realize they have a big stake in the company's success - and in keeping their jobs.

In general, employees are under the impression that a fringe gain is not a monetary gain. This is due to management's lack of initiative in educating workers to the basic economics of what make a business tick.

Here's how SIGNAL OIL AND GAS CO. (Los Angeles) demonstrates an effective way to make every employee - and members of his family - understand his full stake in the company.

A personalized status card (see sample on following page) is mailed annually to each employee's home, spelling out in dollars and cents and in weeks and days, his exact benefits status on a given date. Each individual's name is hand-lettered on the cover.

H. J. Stroud, SIGNAL OIL'S director of employee and public relations, believes getting company information into the home "is the keystone of a successful employee relations program." Getting across advantages of the employee benefits program, he feels, involves these essentials:

- \* Full cooperation and support of top management.
- \* Personal contact of well-informed company spokesmen with the entire employee group in a series of well-conducted meetings - on company time.
- \* Clear, concise and attractive printed matter.
- \* Getting this matter into the homes by direct mail - and into the hands of the family.
- \* Periodic follow-up with group meetings.

A fringe is a kind of a frill, a little inconsequential something that makes things a little sweeter. But there's nothing frilly about fringe benefits. Here are some figures from a new survey:

**YOUR STATUS UNDER COMPANY BENEFIT PLANS**

*As of June 1, 1960*

<p align="center"><b>Annuity</b> \$198.10 per Month</p>	<p>Per month starting at age 65 for life.* This is in addition to Social Security Benefits.</p>	<p align="center"><b>Recognized Holidays</b> 8 per Year</p>	<p>New Year's Day Washington's Birthday Memorial Day July 4th Labor Day Thanksgiving Day Christmas Day <i>Monday, December 26, 1960</i></p>
<p align="center"><b>Life Insurance</b> \$10,000    A \$19,810    B \$29,810 Total</p>	<p>A. Group Life Insurance to retirement or termination. (May be converted at retirement or termination to individual policies.) B. Group Life Insurance to age 65 or termination.</p>	<p align="center"><b>Paid Vacation</b> 2 Weeks</p>	<p>Per year—3 weeks starting in 1961, your 10th year</p>
<p align="center"><b>Accidental Death Benefit</b> \$5,000</p>	<p>Also covers dismemberment insurance. This insurance is in addition to the Group Life Insurance shown above.</p>	<p align="center"><b>Health Care Insurance</b> (\$5,000 Maximum)</p>	<p>For you and each of your dependents.** Each insured individual pays first \$50.00 charges each year.</p>
<p align="center"><b>Accrued Sick Leave</b> 21-4/5 Weeks</p>	<p>At your base pay, less amount received by you from weekly Sickness and Accident Benefit Insurance as shown below.</p>	<p align="center"><b>For Hospital Surgical Medical Other Charges</b></p>	<p>First \$500.00 Hospital Charges paid in full. Hospital Charges over \$500.00, Medical, Surgical and Outside Charges reimbursable at 80% up to maximum.</p>
<p align="center"><b>Sickness &amp; Accident Benefit</b> \$50 per Week</p>	<p>For 26 weeks.</p>	<p align="center"><b>Industrial Accident Leave</b> 23 Weeks</p>	<p>At your base pay, less amount received by you from Compensation Insurance.</p>

*The above figures are transcribed from Company records. Since there is always possibility of an occasional error in handling hundreds of figures, you should speak to your supervisor if any of these do not appear to be correct or if you wish additional information.*

*\*In accordance with the terms of your certificate issued by the insurance Company.*

*\*\*Less benefits paid to date. After receipt of \$1,000 or more in benefits, \$5,000 maximum may be restored upon passing physical examination.*

- \* Between 1949 and 1959 U.S. industry's tab for fringe benefits soared 136%, from about 14¢ per employee per hour to 33¢ per hour.
- \* This year's fringe bill will be around \$33 billion, up \$3 billion from 1959.
- \* Last year's industry paid some \$14.2 billion for time not worked - sick leaves, funeral leaves, coffee breaks, vacations, holidays - and

\$15.4 billion for benefits - pensions, health-life insurance, supplemental unemployment pay.

\* For every \$6 a worker earns producing, he gets \$1 in benefits.

Here's the formula for figuring the costs of employee benefit plans. By studying these patterns carefully you'll be able to compute a set of statistics which will tell you quickly how much your company spends - to the penny - for non-wage items.

1. DETERMINE WHAT BENEFITS ARE TO BE INCLUDED IN YOUR STUDY

That's not so easy. Apparently fringes are all things to all men. For example, washrooms, lighting, parking lots and cafeterias all add up to employee welfare. But generally these are considered to be standard equipment for doing business.

It's best to use fringe items which increase as employees are added to the payroll and decrease as employees leave. The following come within that definition:

A. Direct Payments

- |  |                              |
|--|------------------------------|
| (1) Premium or bonus payments:                                       | (2) Pay for time not worked: |
| a. Overtime  | a. Paid vacations            |
| b. Shift bonuses   | b. Paid holidays             |
| c. Attendance bonuses  | c. Paid lunch periods        |
| d. Christmas bonuses   | d. Rest periods              |
| e. Premiums paid for holidays worked                                 | e. Call-in pay               |
| f. Premiums paid for Saturday, Sunday, sixth and seventh days worked | f. Guaranteed pay            |
| g. Other   | g. Severance pay             |
|  | h. Wash-up time              |
|  | i. Paid military leave       |
|  | j. Travel time               |
|  | k. Sick pay                  |
|  | l. Paid meals                |
|  | m. Other                     |

B. Indirect Payments or Payments Made on Behalf of Employees

- a. Unemployment insurance tax
- b. Workmen's compensation insurance
- c. Group life insurance
- d. Health and accident insurance
- e. Old age and survivors insurance tax
- f. Retirement and pension plans
- g. Other

2. CALCULATE THE TOTAL COST OF CARRYING EACH BENEFIT - USUALLY DONE ON ANNUAL BASIS

For example, you might be spending \$3,000 a year for life insurance premiums for your employees.

3. FIND THE COST OF EACH FRINGE FOR WORKER ON AN ANNUAL BASIS

This involves a simple arithmetical problem. Thus, if you have 300 employees and the total cost of your life insurance program is \$3,000, divide the \$3,000 by 300 and your cost per employee is \$10 a year.

4. DIVIDE THE COST BY THE NUMBER OF HOURS ACTUALLY WORKED DURING THE YEAR TO CONVERT FIGURES TO AN HOURLY BASIS

Example: Each employee works 2,000 hours. Ten dollars a year divided by 2,000 hours gives the hourly cost of carrying life insurance to be \$.005.

5. TO FIGURE THE COST OF "TIME LOST BENEFITS" SUCH AS PAID HOLIDAYS, VACATIONS, REST PERIODS, ETC., CALCULATE YOUR COSTS BY USING THE OVERALL PLANT AVERAGE HOURLY EARNINGS FIGURE

Example: Let's say hourly earnings for the plant equal \$1.50. Six paid holidays are granted.  $\$1.50 \times 8$  hours (length of workday) equals \$12.00,  $\$12.00 \times 6$  paid holidays equals \$72.00 for the cost of holidays for one worker. Each worker averages 2,000 work hours per year. \$72.00 divided by 2,000 gives an hourly cost of 3.6 cents for holidays.

The chart on the following page shows how to present these figures in clear, concise format.

Fringe costs gotten up in chart form can be an important communications vehicle. They can be run in the house organ to tell employees the costs of their "hidden pay envelopes."

A chart can be used to train foremen in the whys and ways of fringe costs. It can prove valuable in your negotiations to dramatize for union committeemen the monies laid out by companies for non-wage items.

Also, a chart might be of help for other executives in your company. Top echelons are not always "up" on fringe costs.

The following chart shows how one company, employing 300 employees with an average rate of pay of \$1.50 an hour, figured its hourly fringe benefit costs. This chart also has advantage of showing at a glance the annual cost of all fringe benefits, for the entire company and for each individual.

Benefits	Total Cost Per Year		Cost Per Hour
	All Plant	Individual	Per Individual
<b>A. NON-WORKING TIME</b>			
Vacations	\$25,000	\$ 83.30	\$ .042
Severance Pay	2,400	8.00	.004
Holidays not worked (6 holidays)	21,600	72.00	.036
Rest periods – 20 minutes per day (300 workers X 20 min. = 6000 min. ÷ 60 = 100 hrs. per day X 250 working days = 25,000 working hrs. per year X \$1.50)	37,500	125.00	.063
Wash-up Periods – 5 min. (300 X 5 = 1500 ÷ 60 = 25 X 250 = 6250 working hours per year)	9,775	32.58	.016
<b>Total for Non-Working Time</b>	<b>96,275</b>	<b>320.88</b>	<b>.161</b>
<b>B. INSURANCE BENEFITS</b>			
Life Insurance	\$ 3,000	10.00	.005
<b>Benefits</b>			
Blue Cross (Contributory)	\$ 5,000	\$16.67	.008
Old Age Survivors Insurance	8,400	28.00	.014
Unemployment Insurance	13,200	44.00	.022
Workmen's Compensation	9,000	30.00	.015
Company Sick Leave Payments	3,000	10.00	.005
<b>Total Insurance Benefits</b>	<b>41,600</b>	<b>138.67</b>	<b>.069</b>
<b>C. PENSIONS</b>	<b>30,000</b>	<b>100.00</b>	<b>.050</b>
<b>D. BONUSES – Christmas and Special Bonuses</b>			
Bonuses	9,000	30.00	.005
Production Bonuses	25,000	83.30	.042
<b>Total Bonuses</b>	<b>34,000</b>	<b>113.30</b>	<b>.047</b>
<b>E. MISCELLANEOUS SERVICES AND BENEFITS</b>			
Parties and Picnics	2,000	6.67	.003
Work Clothes	4,500	15.00	.008
Medical Service in Plant	1,500	5.00	.003
Clubs, Baseball Teams, etc.	3,000	10.00	.005
Service Awards and Long-Service Club	3,600	12.00	.006
Educational Courses	2,925	9.75	.005
Safety Equipment	5,050	16.83	.008
Suggestion Awards	1,500	5.00	.003
Special Work Tools	2,500	8.33	.004
<b>Total of Miscellaneous Benefits</b>	<b>26,575</b>	<b>88.58</b>	<b>.045</b>
<b>TOTAL COST OF ALL BENEFITS</b>	<b>\$228,450</b>	<b>\$761.43</b>	<b>\$0.372</b>

## V. WHAT TO DO AT THE FIRST SIGN OF A STRIKE

If a strike starts, what should the employer do to keep his plant, equipment, property, from deteriorating? How should customers be handled? What about non-strikers - office workers, supervisors, technical help? Do they work or get a holiday?

Among other things, call your attorney. These are but a few of the many policies that must be decided on before the workers hit the bricks. In fact, the ball must start rolling just as soon as a strike threat has been issued by, or a date set by, the union. The walkout may not come off - but the following preparations are a "must."

### 1. HOW TO PREPARE FOR A STRIKE

#### A. Instructions to Management Group

As soon as it appears that a strike may be called, instructions should be issued to foremen, supervisors, and other members of the management group to guide their conduct during the critical period. Supervisory personnel should not discuss the progress of negotiations or any other phase of union activity with the rank-and-file, except in strict accord with advice from top management.

Purpose of this caution is to keep the strike an economic one. Foremen and supervisors must avoid any action which might provide the basis for an unfair labor practice complaint. (See end of chapter for a list of supervisors' "do's" and "don'ts".) If an employer has committed no unfair labor practices, he can permanently fill vacancies left by striking employees.

#### B. Notify Federal and State Mediation Services

Even when not required by law, such notice is evidence of your willingness to settle the dispute through the bargaining process.

#### C. Get the Union to Permit Management and Maintenance Men into Plant without Interference.

Most unions won't be adamant on this point. They want the machinery to be kept in good condition so workers can trek back quickly when the strike is over. However, union might insist on countersigning passes.

#### D. Arrange for Shut-Down of Equipment before Strike Deadline

In some plants this takes only a few minutes. But in many others,

it's a complicated procedure that may take days. Vats may have to be cleaned, furnaces banked, or partly processed material finished to prevent deterioration. All this should be planned in advance so that the last essential operation is completed before the men walk out.

There's an unemployment insurance angle here. If your product involves several successive operations, you may be finished up with preliminary steps several days before the strike deadline. If you lay these men off before the strike occurs, they may be eligible for unemployment compensation, you may be guilty of an unfair labor practice strike. One company got around this by instructing the laid-off men to report the day the strike was scheduled to start. If they failed to come in, they were considered strikers and not eligible for unemployment pay.

E. Work out Policies on Shipping and Deliveries

This may not be so easy. It may be part of union strategy to prevent the delivery of material to the strike-bound plant and to bar the shipment of orders from it. If this is the case, notices should be sent out to suppliers and customers advising them of the situation. You may even arrange for acceptance and storage of deliveries away from the plant.

F. Decide what to do about Employees not on Strike

Are you going to pay non-strikers (clerical, technical, supervisory) during the period of the walkout? Do you want them to report for work as usual? Will you suggest that non-strikers take their vacations during the walkout? These policies should be formulated and made known to the employees concerned.

One company utilized the strike period to conduct training courses for its foremen. Sessions were held at a hotel away from the plant so that no contact would be had with the strikers or their picket lines. Another firm used white-collar personnel to take inventory during the stoppage.

G. Alert Plant Guards

If you have a plant-protection force, instruct them as to their duties in the event of a strike. Find out if they will cross a picket line. It might be even better to relieve guards of all duties and instruct them to stay away from the plant. The presence of uniformed company representatives sometimes angers strikers.

H. Check Requirements of Unemployment Insurance Laws

Some states require special notice to the Unemployment Insurance Board when a plant is struck. In other states, special cards must be given to employees who go on strike. Be sure you check your obligations under the laws of the state in which your plant is located.

I. Set Policies on Group Insurance and Pension Benefits

Many group insurance contracts provide for the continuation of coverage for a limited period while the employee is away from active work. After that time the policy lapses. The facts applicable to your own program should be brought home to your employees before the strike date.

One Midwestern company generated good will among striking employees by advancing their share of premiums necessary to keep policies in force for another month. Company hoped to be reimbursed when strikers returned to their jobs.

So far as pension benefits are concerned, under National Labor Relations Board rulings, time spent by employees on an economic strike need not be counted. Of course, the pension plan may be stipulated otherwise. But if the strike is brought on by the employer's unfair labor practices, the NLRB says that pension credits of striking employees must be permitted to pile up during the strike period.

J. Notify Local Police Authorities

To be sure of adequate protection for plant, equipment and non-striking employees, local police should be notified in advance that a strike is expected.

K. Prepare a Strike Record

A record should be kept of the progress of negotiations, with special emphasis on the events leading up to the strike. If the strike occurs, this record should be kept current and all incidents noted on it with the names of participating employees. The record will establish the company's position in future bargaining, or in any legal proceedings that may result from the strike.

L. Notify Newspapers and Customers

Have a statement ready for release setting forth the issues and reasons for the strike. It's particularly important that your customers be told of your side.

M. Supervisors' "Do's" and "Don'ts"

It's at the first or second level of supervision - where the super-

visor has direct contact with the rank and file - that most mistakes are made. Management would do well to maintain continual efforts to tell these people what they legally can do and cannot do.

Here's a handy check list your supervisors can use. But in using it, caution them to note how fine the line is sometimes drawn. For example, they can tell employees they don't like to deal with unions; but they cannot announce that they will not deal with a union, nor can they promise benefits to employees if they reject a union.

The term "supervisor" (or foreman) for the purpose of this information is intended to embrace all these individuals whose duty it is to function as a member of management, having the authority - in the interest of the employer - to affect the status of employees or to direct employees in the daily exercise of their duties.

In his day-to-day dealings with those he supervises, the first-line supervisor functions as a member of management. In that capacity, he has the duty and responsibility to implement management policies, interpret management's plans and decisions as they affect rank-and-file employees, and in general reflect the views and wishes of management.

For these reasons, the supervisor's attitude, actions, and opinions expressed in the areas of unionism and labor-management relations are of major significance.

The NLRB and the courts have held, generally, that in these sensitive areas the supervisor is, in fact, management - and that the company is legally responsible for his actions. It is therefore essential that every member of the management team, particularly the first-line supervisor, have a thorough understanding of what he may and may not do, what he may and may not say, and how his attitude, opinions, and actions may be construed under the law.

These DO'S and DON'TS are presented here to serve as guidelines to supervisors in their day-to-day dealings with those they direct. It was prepared by Charles A. Kothe, Vice President, Industrial Relations, National Association of Manufacturers for National Foremen's Institute.

It clarifies what the supervisors can and cannot do under the Labor-Management Relations Act of 1947 and the Labor Management Reporting and Disclosure Act of 1959.

#### WHAT YOUR SUPERVISOR CAN DO:

1. Tell employees that you and the company prefer to deal with them directly, rather than through an outside organization, regarding problems arising from day to day.

2. Tell employees that you or a member of management are always willing to discuss with them any subject of interest to them.
3. Tell employees about the benefits they presently enjoy. (Avoid veiled promises or threats.)
4. Tell employees how their wages, benefits and working conditions compare with other companies, whether unionized or not.
5. Tell employees of the disadvantages that may result from belonging to a union - such as loss of income because of strikes, requirement to serve on a picket line, expense of dues, fines and assessments.
6. Tell employees that the law permits the company to hire a permanent replacement for anyone who engages in an economic strike.
7. Tell employees that no union can make a company agree to anything it does not wish to, or pay any more than it is willing or able to do.
8. Tell employees about any experience you may have had with unions.
9. Tell employees anything you know about any union or its officers.
10. Tell employees that the International Union probably will try to dominate the local union, or at least try to influence the thinking of the local members.
11. Tell employees about any untrue or misleading statements made through an organizer, or by handbill, or through any medium of union propaganda. You may always give employees the correct facts.
12. Tell employees about known racketeering, Communist participation, or other undesirable activities in the union. (Relate only established facts.)
13. Tell employees your opinion about union policies and union leaders, even though in uncomplimentary terms.
14. Distribute reprints of articles containing information about unions or facts revealed through Congressional hearings, such as the McClellan Committee.
15. Tell employees that they are free to join or not to join any organization without prejudice to their status with the company.
16. Tell employees that merely signing a union authorization card or application for membership does not mean that they must vote for the union in an election.
17. Tell employees about the NLRB election procedures, the importance of

voting, and the secrecy of the ballot.

18. Tell employees that the company opposes the principle of compulsory union membership.
19. Tell employees about their legal rights. However, there should not be any encouragement or financing of any employee suit or proceeding.
20. Actually campaign against a union seeking representation of your employees.
21. Make or enforce any rules requiring that solicitation of membership or discussion of union affairs be conducted outside of working time. (Remember, however, an employee can solicit and discuss unionism on his own time, even on company premises, when it does not interrupt work.)
22. Lay off, discipline and discharge for cause so long as such action follows customary practice and is done without regard to union membership or non-union membership.
23. Make assignments of preferred work, overtime, shift preference, so long as such is done without reference to the employee's participation or non-participation in union activities.
24. Enforce plant rules impartially and in accordance with customary action, irrespective of the employee's membership or activity in a union.

WHAT YOUR SUPERVISOR CANNOT DO:

1. Promise employees a pay increase, promotion, betterment, benefit, or special favor if they stay out of the union or vote against it.
2. Threaten loss of jobs, reduction of income, discontinuance of any privileges or benefits presently enjoyed, or use of any intimidating language which may be designed to influence an employee in the exercise of his right to belong, or refrain from belonging to a union.
3. Threaten or actually discharge, discipline, or lay-off an employee because of his activities in behalf of the union.
4. Threaten, through a third party, any of the foregoing acts of interference.
5. Threaten to close or move the plant, or to drastically reduce operations if a union is selected as a representative.
6. Spy on union meetings. Parking across the street from a union hall to watch employees entering the hall would be suspect.

7. Conduct yourself in a way which would indicate to the employees that you are watching them to determine whether or not they are participating in union activities.
8. Discriminate against employees actively supporting the union by intentionally assigning undesirable work to the union employee.
9. Transfer employees prejudicially because of union affiliation.
10. Engage in any partiality favoring non-union employees over employees active in behalf of the union.
11. Discipline or penalize employees actively supporting a union for an infraction which non-union employees are permitted to commit without being likewise disciplined.
12. Make any work assignment for the purpose of causing an employee who has been active on behalf of the union to quit his job.
13. Take any action that is intended to impair the status of, or adversely affect an employee's job or pay because of his activity on behalf of the union.
14. Intentionally assign work or transfer men so that those active in behalf of the union are separated from those you believe are not interested in supporting a union.
15. Select employees to be laid off with the intention of curbing the union's strength, or to discourage affiliation with it.
16. Ask employees for an expression of their thought about a union or its officers.
17. Ask employees how they intend to vote.
18. Ask employees at time of hiring or thereafter whether they belong to a union or have signed a union application or authorization card.
19. Ask employees about the internal affairs of unions such as meetings, etc. (Some employees may, of their own accord, walk up and tell of such matters. It is not an unfair labor practice to listen, but you must not ask questions to obtain additional information.)
20. Make a statement that you will not deal with the union.
21. Make statements to the employees to the effect that they will be discharged or disciplined if they are active in behalf of the union.

22. Urge employees to try to persuade others to oppose the union or stay out of it.
23. Prevent employees from soliciting union memberships during their free time on company premises so long as such does not interfere with work being performed by others.
24. Give financial support or assistance to a union, its representatives or employees.
25. Visit the homes of employees for the purpose of urging them to reject the union.

## VI. HOW TO UNDERSTAND PENSION TERMINOLOGY

Learning what pension terms mean is no mere academic exercise. The consequences of misunderstanding - by employer and/or union - can be a very costly business. That's why a glossary which describes succinctly the terminology of pension programs can be a handy thing to have around when bargaining begins.

It might be a good idea to pass the glossary around to union officers. They'll be glad to get the help. Most of the advice on pensions which has come from union specialists has been filled with the kind of gobblydegook and tongue-twisters that usually come from experts steeped in the subject.

Another group that needs some education in pension terminology is the employee negotiating committee. This glossary will help clarify terms and make for smoother negotiations.

### GLOSSARY OF PENSION TERMS

1. Actuary.

Insurance experts who help figure the cost of pension-plan benefits. Will also advise what plan is best suited to an individual company, or figure what benefits can be bought with a fixed amount of money, say 5¢ or 6¢ an hour per worker.

2. Actuarially Sound.

Insurance term. As applied to pension plans, describes plan that is financially sound. Assures worker that he will receive benefits listed under plan, and that payments for benefits listed will not be increased for either employer or employee.

3. Aggregate Funding.

Method of figuring cost of pension plan over period of years in the future. Current assets of pension fund taken into consideration, and then amount of payments that will be needed to meet future needs figured and cost distributed over regular intervals in the future.

Example: Company A has pension fund of \$2,000,000. In order to maintain benefits specified in plan for eligible employees, it determines that \$500 will have to be paid into pension fund each month in the future.

4. Annuity.

Amount of money worker receives regularly after he retires - usually set up on a monthly basis.

5. Annuity, Modified Refund.

Amount worker's beneficiary receives from pension plan after worker's death. Usually gets what is left of amount worker contributed to plan, with or without interest.

6. Approved Pension Plan.

Plan which allows tax deductions to the employer, under regulations of the Internal Revenue Bureau, for his contributions to the cost of the plan.

7. Company-Financed Plan.

Pension plan in which employer pays entire cost. More commonly referred to as non-contributory.

8. Contributory Plan.

Pension plan in which employer and employees share the cost.

9. Death Benefits.

Amount of money beneficiary of worker receives from pension fund when worker dies either before or after retirement.

10. Definite Benefit Plan.

Sets percentage of worker's salary or earnings he will receive as a pension at retirement age. One of three methods usually used:

- a. Benefits are determined by a fixed percentage of worker's highest (or last) annual salary or earnings.

Example: Let's say Jones' highest salary with Company B was \$4,000 a year. Pension plan provides that annual benefits at retirement will equal 30% of employee's highest annual salary. Jones will be entitled to an annual pension of \$1,200.

- b. Benefits are determined by a fixed percentage of the worker's average salary or earnings over a definite period of years.

Example: Company C's plan provides that annual pension benefits shall equal 25% of an employee's average annual earnings during his last five years of service before retirement. Smith, whose average annual earnings during this period was \$3,000, will be entitled to a pension of \$750 a year.

- c. Benefits are based on a fixed percentage of each year's salary or

earnings during the period while the employee is a member of the plan.

Example: Green has credit for 30 years' service under Company D's pension plan. During this period he earned \$3,000 each year. Plan provides for a pension equal to 1% of an employee's earnings for each year he has credit for service under the plan. Green is entitled to an annual pension of \$900.

11. Disability Retirement.

Retirement before normal retirement age because of disability. Ordinarily worker has to have a minimum number of years of service and have reached the minimum age required under plan. Benefits are usually smaller than at normal retirement.

Example: Plan provides for normal retirement at 65 after 35 years of service with a pension of \$100 a month. Worker disabled at 55 after 15 years of service may be permitted to retire with \$50 a month benefits.

12. Early Retirement.

Retirement before normal retirement date - usually with smaller benefits. Minimum age and service requirements must be met. Disability retirement is one form of early retirement.

13. Funded Plan.

Plan which provides for accumulation of money over a period of years to meet pension obligations.

14. Funding Method.

Manner in which money is accumulated to pay for pensions under the plan. Principal ways are: (1) Payment of specified amounts to a pension trust fund for investment in securities or other property, or (2) purchase of annuities from an insurance company. Sometimes a combination of these two methods is used.

15. Future Service Credits.

Credits which are given to a worker for each year of service (1) between the time pension plan is set up and time he retires, or (2) between the date he begins to participate in plan and his retirement date.

Example: Worker has 20 years of service when plan is put into effect. He still will work for the company 10 more years before retirement. The 10 years are considered future service credits.

Example 2: Worker becomes a member of pension plan after three years of service. He will work for the company for 30 years before retirement. These 30 years are considered future service credits and will be used in determining benefits to be paid.

16. Group Annuity Plan:

Single contract provides for the purchase of annuities for all participating employees. Premiums are paid to insurance company which guarantees payment of pension benefits.

17. Group Permanent Plan.

Plan includes life insurance and annuity benefits. Premiums paid to insurance company under group plan, and benefits paid to eligible workers or beneficiaries by insurance company.

18. Individual Policy Plan.

Company buys annuity policy for each worker. Plan usually requires use of a trust. Suitable for employers with small number of workers.

19. Insured Plan.

Employer makes payment to insurance company to cover cost of pension program. Insurance company guarantees benefits to workers. May be in the form of group annuity, group permanent or individual plan.

20. Joint annuity (Survivor) Plan.

Plan in which arrangements are made to pay pension benefits to worker and to continue payments to his beneficiary after his death. Benefits usually smaller than normal benefits payable to worker only.

21. Level Annual Premium Funding Method.

A method of figuring annual pension costs for individual worker depending on his age when he becomes a member of the pension plan. Payments are not made until worker retires.

Example: Premium for employee who enters plan when he is 25 is smaller than premium for worker who enters plan when he is 45.

22. Money Purchase Plan.

Fixed amount of money or fixed percentage of salary set aside to finance pension plan. Amount of benefits that can be bought determined by amount of money collected.

23. Non-Contributory Plan.

Same as Company-Financed Plan.

24. Ordinary Life Pension Trust.

Trust fund set up to buy life insurance for employees until retirement age. At retirement age life insurance converted to annuity benefits. Usually separate trust set up for annuity payments.

25. Past-Service Credits.

Credits toward pension given worker for service with company from time he started to work until pension plan is installed. Worker may receive full or only partial credit for past employment.

Example: Worker has been with company 20 years before pension plan is installed. He may receive 20 year's credit toward pension benefits. Or a lesser number of years of his past service, say 5 or 10, may be counted.

26. Pension Committee.

Committee set up to administer pension plan. Informs trustee of changes in beneficiaries under plan, checks eligibility of employees and, in general, sees that plan operates properly.

27. Qualified Pension.

Same as Approved Pension Plan.

28. Plan Retirement Age.

Age at which employee quits work and begins to collect pension benefits. Sixty-five is most common age for retirement, although some plans vary up or down by a few years.

29. Self-Administered Plan.

Plan requires the creation of a trust fund. Employer pays over money to trustee to provide for pension benefits. Trustee invests money in securities or other property and uses proceeds of fund to make pension payment. Employer or pension committee handles administrative details. Plan is uninsured - although it may provide for the purchase with trust funds of annuities from an insurance company.

30. Severance Benefits.

Amount of benefits employee collects when he leaves company before retirement. As applied to pensions, usually referred to as vested rights -

see definition.

31. Trustee.

Person or institution in charge of investing money contributed by employer (or employer and employees) for pension benefits. Also manages fund, makes periodic reports on how money is invested, what assets are, and in general how fund is being handled. Often pays pension directly to eligible workers.

32. Trust Fund.

Amount of money set aside and built up through investments and interest for the payment of pension benefits. Contributions to fund by employer (or employer and employees) are invested by trustee under terms of trust agreement.

33. Unfunded Plan.

Pensions paid on "pay-as-you-go" basis from current operating expenses. No provision for setting up fund for future payments.

34. Uninsured Plan.

Plan handled in some other way than through an insurance company.

35. Vested Rights.

Any rights in the pension plan which the employee does not lose if he leaves the company's employ before retirement age. Usually amounts to a lump-sum payment equal to his own contributions plus interest. Sometimes plan permits employee to leave his contributions in plan and get small pension at retirement age.

VII. HOW TO HANDLE SHORT AND LONG-TERM LAYOFFS  
WITHOUT LOSING EMPLOYEE OR COMMUNITY GOODWILL

The process of laying off workers is a delicate business. The "shock" method - a cold announcement on a bulletin board, or a pink slip - is now widely recognized as a sure way to lose worker and community goodwill.

A check with 43 top-flight labor relations men - small, medium and large companies - brought to light the following new and effective practices:

1. Workers get advance notice of layoff.

Arrangements vary from 24 hours' to two weeks' notice - depending on management's own knowledge of conditions that make the layoff necessary. Advance notice permits employees to plan how to use their free time.

Due to the tendency of employees to slack off in efficiency immediately following such an announcement, some firms object to giving advance notice of a layoff. However, this objection can be largely overcome if the workers understand that advance notice in the future depends on the maintenance of efficiency in the interim period between the announcement and the actual start of the layoff.

2. On short-term layoffs, management sends each affected worker a special notice.

This note indicates the duration of the layoff and the reason for it. A sample form that can be used is reproduced below:

<b>NOTICE OF SHORT-TERM LAYOFF</b>		
	Date.....	
Name.....	Dept. ....	Clock No. ....
The above named worker is hereby notified not to report for work on the following		
days: .....	Machine shop will be closed down while year-end	
Reason for layoff .....	inventory is taken	
Report usual starting time on		
Time of recall .....	Advance notice of this temporary reduction in the work force is being given by the company on the understanding that all employees will please maintain their usual standards of production and efficiency during the period between the date of this notice and the starting date of the layoff.	
	Signed .....	Plant Superintendent

3. On long-term or indefinite layoffs, management sends each affected worker a personal letter.

Include in this letter the reason for the layoff and its probable duration. This letter also contains pointers about unemployment insurance, the worker's right to accrued vacation pay, and any other information that might be useful to him.

Here is a typical letter of this type:

### RECRUITMENT - PLACEMENT - INDUCTION

To:

Dept.

Clock No.:

Dear Mr. Green:

The company regrets that it is necessary to place you on layoff status at the end of your shift on \_\_\_\_\_ We do not at this time know how long this layoff will last but we will notify you to return to work as soon as conditions permit.

This temporary reduction is made necessary by the fact that sales have decreased during the last three months. However, we anticipate new orders after the first of the year that will enable us to operate on our former basis.

We think you would like to know the following facts about your status while on layoff:

1. You are carried on the company's books as an employee and your seniority continues to accumulate for all purposes (including vacations) during the layoff period.

2. You will be recalled to work before any other laid-off employee in your department who has less seniority.

3. During your layoff period you are entitled to unemployment compensation. We suggest that you report immediately after your layoff to the State Unemployment Insurance office which is located in this city at \_\_\_\_\_ This office will tell you about your rights under the state law.

4. At the present time, under this company's policy, you are entitled to four day's accrued vacation pay. In your case this amounts to \_\_\_\_\_ less the usual tax deductions.

We are very interested in utilizing your services again as soon as we are able, and we trust that any temporary employment you obtain elsewhere during the layoff period will be such that you can return to us as soon as we notify you.

If you have any questions, don't hesitate to talk to your foreman. He'll be glad to fill in any gaps.

Sincerely yours,

Plant Superintendent

P. S. Please let us know about any change in your address during the layoff period.

VIII. HOW TO CUT ACCIDENTS TO A MINIMUM

The cost of the average industrial accident to the employer is startlingly high - \$1,800! This is the average given in the leading book on the subject: "Industrial Safety," edited by Roland P. Blake and published by Prentice-Hall, Inc.

Indirect losses are what cost the most. The following breakdown of the usual costs of an accident illustrate this fact:

Direct Costs:

Compensation paid.....	\$300
Medical expense.....	300

Indirect Costs:

Lost-time (injured employee).....	30
First-aid cases.....	90
Fellow workers.....	100
Supervisory.....	80
Damage repair.....	60-900

Production loss:

Production drop.....	60
Material spoilage.....	30
Equipment damage.....	300-900
Administrative (records, etc.).....	100

These figures are illustrative only. The breakdown of indirect costs, however, is typical.

1. Determine your accident rate.

The United States Bureau of Labor Statistics (Washington 25, D.C.) publishes an annual report entitled "Work Injuries in the United States." It also issues quarterly reports of accident rates by industry. Compare your rate with those reported. Then, gauge your rates by using the following accident frequency rate (AFR) formula, and accident severity rate (ASR) formula.

AFR means number of disabling injuries per million manhours. Example: If a company has 100 workers averaging 40 hours a week, and 3 workers are injured during the year:

$$\frac{3 \text{ injuries} \times 1,000,000}{100 \text{ workers} \times 40 \text{ hours} \times 52 \text{ weeks}} = 14.4 = \text{AFR}$$

ASR means number of disabling injuries per million manhours. Example: If a company has 100 workers averaging 40 hours a week, and has 4 workers injured, and they lose 103 days from work during a year:

$$\frac{103 \text{ days lost} \times 1,000,000}{100 \text{ workers} \times 40 \text{ hours} \times 52 \text{ weeks}} = 490 = \text{ASR}$$

## 2. Job analysis and safety programs.

From the point of view of a safety program, analysis of a specific job produces the following valuable safety results:

- a. Discovery of physical hazards.
- b. Discovery of the physical and mental characteristics best suited to safe performance of the particular job.
- c. Elimination of hazardous motions or operations.
- d. Safeguarding against unavoidable, hazardous motions or operations.
- e. Determination of tools and equipment that are safest for the job.
- f. Discovery of what kind, amount, and quality of training are needed for maintenance of safe work.
- g. Better overall safety and satisfaction for all employees.

On-the-job safety analysis is the only practicable way to obtain a breakdown of most of the specific jobs, for safety and other purposes. In this as in other matters, tactful requests for assistance from the foreman and the individual worker himself can save much time and effort.

## 3. Plant inspection.

Routine and thorough inspection of physical facilities is an essential part of any safety program. Checklists should be used to guard against lapses of memory; they should be as detailed as possible. Occasional surprise inspections and "spot checks" should be made. Technically qualified assistance should be sought whenever it may be useful.

Hints: Let the employees know the "safety purpose" of such inspections. Invite employees' suggestions. Use outside specialists in order to get an objective viewpoint.

## 4. Development of safe behavior.

- a. Proper placement of employees. Human qualifications for every specific job depend on analysis of the job's safety or hazard features. Pre-employment tests, physical and mental, seek to suit the man to the job and the job to the man. Lack of such tests is the hidden cause of many accidents.
- b. Safety training. The fundamentals of good job training apply to safety matters as well as to other job matters. It's assumed that job analysis will have determined safe methods information. Then the

old formula applies. Tell him. Show him. Have him do it. Correct him until he has it. Supervise him to be sure he keeps it. Follow this with subsequent job education, to increase his general knowledge of his work.

- c. Adequate supervision. The foreman is the key man for this purpose. Accordingly, foremen's selection and training should be basic in any safety program.
- d. Participation by employees in the program. Because every normal person learns by doing, and wants "to belong," maximum employee participation in safety programs, and assignment of a specific part to each employee, obviously should be sought.

A new development in safety programs is the tying up of off-the-job safety with on-the-job safety. Home or street accidents often have the same basic causes as do plant accidents, and they are expensive to the company in many ways. Combination of the "selling" of home and plant safety, as a single program, appeals to the employees' self-interest, and is a public service at the same time. Good safety habits at home is bound to increase good safety habits at work.

#### 5. Safety equipment.

Plant and machine safety equipment is an engineering and production problem rather than a personnel problem. So is the matter of personal protective equipment. But the personnel department has a more immediate function in seeing to the supply and use of them. The most important articles of individual protection are:

- \* Facial masks to protect against flying particles, chemical splash, fumes, gases and dust, and radioactive rays.
- \* Goggles, cup-type or spectacle type, of many varieties.
- \* Faceshields, of a clear plastic vizor and headband.
- \* Welding helmets, for heat and splash protection.
- \* Clothing, to protect against oil, acids, etc., without hindering the worker's movements. This includes gloves, aprons, boots, leggings, protective hats or helmets, and other items.
- \* Respiratory equipment, when air contaminants are present.

Hint: Savings on medical and insurance costs paid for much safety equipment, according to a recent survey of 78 firms. 31 firms reported savings paid for 75-90%; 25, 40-60%; 15, 20-30%; and 15, 10-15%.

#### HOW TO SELL YOUR SAFETY PROGRAM

Management, supervisors and the workmen all must be "sold" on the safety program, if worthwhile results are to be obtained. The key idea in each

case is different. For management, emphasize costs; for supervisors, production; and for workmen, personal safety and satisfaction.

Use advertising know-how in "selling" your safety program. Bring the basic human instincts into operation, where necessary - such as the instinct of self-preservation, desire for gain, desire for praise, power or leadership, competitive instinct, sense of morality, responsibility or loyalty, or fear of ridicule.

Use posters, signs and slogans; prizes and booby prizes; company publications and newspapers; bulletin boards; pay-envelope messages.

Remember, the greater employee participation, the better. Use committees and meetings; suggestion box systems; contests, campaigns and prizes; plant fire brigades and other unit organizations; humorous (not sarcastic) cartoons.

#### ANALYZE EACH ACCIDENT

Unless each accident is investigated and analyzed, its cause remains uncertain, and sound corrective steps cannot be taken. While skillful investigation of an accident is an art, sound investigations can be made by any reasonably intelligent person. Analysis of an accident should include at least the following steps:

- \* Get the injured employee's report.
- \* Get the foreman's report.
- \* Get the witnesses' report.
- \* Get the doctor's (or first aid) report.
- \* Investigate the place or machine involved.
- \* Write down the facts, in summary form.
- \* Pick out the cause of the particular accident.
- \* Compare this cause with the causes of other, similar accidents.
- \* Pin point the fault or defect involved.
- \* Correct the defect, or have it corrected.

#### ACCIDENT REPORTS

Information to be sought on accident report forms should cover the following points.

Person injured:

Name	Salary
Address	Present job
Age	Dependents
Sex	Duration of employment
Married	Language
Check number	Previous accidents



Non-use of safety equipment  
Unauthorized acts  
"Horse play"  
Other (describe)

**Causes:**

Workplace: Place or equipment (e.g., guard device needed)  
Technique (e.g., change in process advisable)  
Materials (e.g., change in material advisable)  
Light or ventilation (e.g., more light, blower, etc., needed)  
Clothing (e.g., certain type unsafe, etc.)  
Housekeeping (e.g., cleaning, floor marking, etc.)

Worker: Physical or mental defects  
Training inadequacies, or improvements  
Individual characteristics (e.g., alertness, requirements)  
Individual attitudes (e.g., obedience of rules, day-dreaming)

**Hint:** From these records:

- \* Tabulate the facts. Find a pattern in the accidents, if it exists.
- \* Take all the steps in investigating, and don't trust shortcuts.
- \* Find the cause.
- \* Recommend a solution.

## IX. HOW TO TRAIN EMPLOYEES SUCCESSFULLY

In all organizations there's a need for training employees whether they're new, old, experienced or inexperienced. Proper training pays for itself many times over in both time and money saved. If an employee is instructed carefully, he will avoid many costly errors. Time and again it's been proved that minutes spent at the start in training will save hours and days later on.

A training program does not run itself. Its development and successful administration call for centralized responsibility in a training director. He might be any staff person qualified by experience and training to undertake the job.

Since a training program must meet the needs of the company, the training director has the responsibility of surveying those needs. He does this by personal observation, conversations with foremen and executives, and examination of records and reports.

### 1. Personal observation.

By getting into all the departments of the business, talking with the workers, and observing how things are done, he can locate some of the areas where training is needed.

### 2. Conversations with foremen and department heads.

The line executives responsible for employee performance can tell the training director what training they think is needed. They may be asked to make an inventory of their personnel, and prepare a report showing who in the department need training to improve in their present jobs and who might be given promotion training.

### 3. Conferences with top executives.

They'll have some ideas as to where training is needed. In conferences with these top executives, the training director will be informed of plans for expansion and what new workers and supervisors will be needed to take care of the expansion.

### 4. Job descriptions.

Job descriptions secured through job analyses show what skills are required for each job. A check of the qualifications of incumbents and applicants for jobs against the job requirements helps to identify needs for training. Job descriptions may also be used for developing new work simplification methods, which may lead to a need for training in the new methods.

5. Merit rating.

The merit rating system in use by the company reveals where training is needed. By examining the completed merit rating forms and selecting the traits in which employees have been rated below average, poor or unsatisfactory, the training director can spot the deficiencies to be overcome through a training program.

6. Personnel records.

Many of the records in the personnel department will offer clues to training needs. For example, records of absenteeism and lateness, labor turnover and grievances will disclose where training is necessary.

7. Production and cost records.

Many of the reports prepared for control of production costs will point up the need for training. For example: timekeeping records will spotlight inefficiencies as comparisons are made with standards; idle-term costs may show up certain weaknesses traceable to inadequate training of employees; inspection department reports of rejects and reworks may disclose the need for training operators; spoilage reports likewise will show up where training may be needed; performance reports submitted by foremen and supervisors will reveal manufacturing deficiencies in production that might be improved with training. Cost reports may indicate that the entire organization may have to be trained to be cost-conscious.

8. Information from the engineering department.

Advance notice of newly engineered jobs and other changes that call for training or retraining of operators must be sent to the training department.

9. Accident, safety and sickness reports.

These will reveal the need for safety education and training.

#### METHODS OF TRAINING EMPLOYEES

The training procedure must be fitted to the particular training project. Any of the following methods may be used. The choice depends upon such factors as the number of employees to be trained, the length of learning period, and the wages or salary to be paid during training. Other factors like the spoilage of materials during learning, injury to equipment, and the possibility of accidents also influence the choice of method.

1. On-the-job training.

The most common method of training employees is to show them the

work under actual working conditions and then have them do it. Oral explanations, directions, suggestions, and corrections are made while the new employees are actually working. The training is assigned to an older employee, the foreman or the supervisor. This method requires no special equipment, is easy and, if properly done, is the cheapest way to train new routine and non-skilled workers. Sometimes it's combined with one or more of the other methods.

2. Vestibule training.

A miniature replica of facilities which employees use on the production floor is set up inside or outside the plant. The instructor teaches the processes of the job. This method is effective from training a large number of employees primarily in unskilled or semi-skilled work in a relatively short period of time. The work the trainee starts may be of the practice variety, or a part of actual production work. As he progresses, he does more and more actual production work, and when his training is complete, he becomes a regular employee of the production department. The instructor may continue his guidance for a little while after the employee reaches the production department, pointing out the weak spots of the worker and helping him to overcome them. This type of training reduces interference with the regular flow of work usually caused by learners, and develops more confident workers.

3. Central training pool.

A number of employees who have been hired for no particular job but because a need for additional workers is expected, are placed in the training pool and taught a number of different operations. As temporary positions open up, they are transferred to them. They are then returned to the training pool for further training until a permanent job which the trainee can fill is available. For example, a number of high school or trade school graduates may be employed at the end of a school term and placed in the training pool. From this group, departments in need of workers will be supplied with company-trained personnel.

4. Learner-helper method.

Here skilled mechanics are assigned to teach trainees for several months. A trainee may have more than one teacher. After he has achieved competency in the skill, he may ask to be assigned to a mechanic's job. But before he's admitted to the rank of a mechanic, he should be given various trade tests to determine whether he's qualified.

5. Classroom, lecture-discussion method.

This method is used where large groups of employees are to be trained. It requires use of considerable space, classroom equipment such as desks,

writing materials, blackboards, slides, books, and formal classroom procedure. The question of who is to train the employees is important. Some companies hire outside professional teachers to do the teaching. The disadvantage of this practice is that such instructors seldom know the particular problems confronting the company. Company executives who are at the same time capable teachers will sometimes devote their time to training employees. The classroom methods must be considered as a preliminary or background training. New employees who have successfully completed the classroom training are next placed on the job and closely observed. Those who require further classroom training may be requested to attend class until their job performance shows a fundamental grasp of the job's problems.

6. Conference or meeting method.

The conference or meeting method is used extensively in the training of old employees, supervisors and executives. This method differs from the classroom method in that it is informal, depending more on the active participation of the members than on formal lectures and guidance. The conference chairman or group leader introduces the subject, encourages active participation, maintains order, and keeps the discussion within the scope of the subject. Various committees may be appointed to study and report on special problems. Meetings should be held regularly and on definite dates, as frequently as is thought necessary.

The success of this method depends on the amount of thought given to its planning and on the members' cooperation and participation in the discussion. To stimulate interest, it's advisable to allow the members to have an active part in planning the program. They may be sent questionnaires asking for suggestions and opinions, or they may be asked at one conference to suggest the topic for the next meeting. Advance notice should be given of the subjects to be discussed.

HERE ARE MORE TESTED TRAINING TECHNIQUES YOU CAN USE

1. Breaking the job down into its component parts.

"Much too often the supervisor who thinks he knows the job perfectly fails as an instructor because he doesn't look at the job from the viewpoint of the new worker," says the plant manager of a leading company in Pittsburgh.

A job breakdown sheet will greatly aid this type of supervisor to correct this weakness. Even the most experienced and effective of supervisors will find it helpful in organizing operations in proper sequence so that the operator will be able to grasp them more readily and learn to perform his work better, faster, more safely, and with a minimum of supervision and follow-up.

A simple job breakdown sheet for training new men can be made quickly for almost any job. Here's a sample for centerless grinding:

JOB BREAKDOWN SHEET FOR TRAINING MAN ON NEW JOB	
Part	Operation
Shaft	In-feed Grind or Centerless Grinding
Important Steps in the Operation	Keypoints—knacks—hazards, feel, timing, special information
1. Place piece on plate against regulating wheel	"Knack"—don't catch on wheel
2. Lower lever—feed	Hold at end of stroke (count 1-2-3-4) slow feed—where might taper-watch-no oval grinding
3. Raise level release	
4. Gauge pieces periodically	More often an approach tolerance
5. Readjust regulating wheel as required.	Watch—no backlash
6. Repeat above until finished	
7. Check	

A simple job such as driving a screw can be analyzed thus:

JOB BREAKDOWN SHEET FOR TRAINING MAN ON NEW JOB	
Part	Operation
Door Hinge	Drive Wood Screw) (Yankee screw driver)
Important Steps in the Operation	"Key Points"—knacks, hazards, "feel," timing, special information
1. Set screw driver at R, "fixed" position	
2. Center bit in screw head	
3. Start screw	Steady screw with fingers. Enough pressure to start. Hold vertically—don't let bit jump out of screw head
4. Set screw driver at R, ratchet position	Slips injure work and fingers
5. Center bit in screw head	
6. Drive screw	Hold bit squarely in screw. Operate vertically. Keep pressure on screw
7. Finish drive	Drive at "closed" position. Extra pressure—even—vertical. Don't let bit jump out. Set driver at "fixed" position if necessary. Solid tight finish—don't split screw

## 2. Making up deficiencies.

When THE BELL TELEPHONE CO. OF CANADA (Montreal) attempted to give advanced company training to plant people, trainers discovered that often they had to start from scratch and review elemental subjects such as grammar school arithmetic.

New remedy is a series of voluntary correspondence courses conducted by mail where simple subjects can be taught as a prelude to company informational sessions. Courses cover a variety of subjects, getting progressively more advanced.

For example, starting with Math A (which includes fractions, decimals, percentages, and some elementary algebra), the student can progress to Math B (algebraic equations and logarithms), and conclude with Math C (elementary trigonometry and vector algebra). Qualifying test is given but if an individual fails no entry is made on his service record.

## 3. Five training guidelines.

The FEDERAL SECURITY AGENCY (Washington, D.C.) says there are five fundamental guidelines for supervisors training new employees or coaching old hands:

- a. Start trainee doing as soon as possible. Training manuals are just words until employee gets into shop and sees facts translated into action.
- b. Start him thinking. Don't do all the talking. Encourage questions, discussions.
- c. Give him time to digest what he's learned. Be sure he knows each procedure thoroughly before moving to next step.
- d. Point out what's important, what's incidental. In every job some tasks are more essential than others. If key steps are mastered, rest falls into line.
- e. Trainees should know not only what to do and how to do it, but why. People learn faster when things make sense. And learning sticks.

## 4. Improvising classrooms.

Even if a plant possesses classrooms or conference rooms, it may encounter training situations where these facilities prove inadequate. This is particularly true when demonstrations or practice must be conducted on large electrically powered machines.

DITTO, INC. (Chicago, Ill.) solved such a problem by improvising classrooms in its cafeteria and in a section of its manufacturing area. The special classrooms were needed because the training involved a battery of Masterfax machines and other equipment. Meeting and training areas were laid out

with scale drawings on a magnet board. Scale templates of chairs, tables, props, stage, room dividers and machinery were used for pre-planning the whole training area in great detail.

Through careful planning and timing, the Roll Plant (production area selected for the training sessions) was able to complete its production schedule and vacate the area three days prior to the meeting. It was scrubbed thoroughly and readied for conversion.

A crew of lift truck operators then moved in skid loads of cartons. The loads were three feet wide and seven feet high. Following the directions on the magnet board, the truck operators laid out a system of room dividers, or walls, which quickly divided the Roll Plant area into four large classrooms.

Then a second crew of workers quickly covered the cartons with flameproof, emerald green paper to give the effect of finished classroom walls. (The paper comes in rolls four feet wide and 250 feet long. The use of automatic staplers speeded the work and the classrooms were completed in two hours.) Finally, a third crew moved in and set up rented tablet arm chairs, tables, blackboards, easels and lecterns.