Audit Report to the Vice President of the Fluorocarbon Company, Sunnyvale, California, 1977

Steven J. Ross
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Abstract
July 5, 1977

Mr. Michael Ilagan
Vice President
The Fluorocarbon Company
Sunnyvale Division
1032 Morse Avenue
Sunnyvale, CA 94088

PERSONAL AND HIGHLY CONFIDENTIAL

Dear Mike:

As a result of our recent evaluation of Fabricators Division, Seattle, Washington, Industrial Relations Program, together with an assessment of employee attitudes and an evaluation of supervisory personnel, this report will summarize our findings along with some recommendations for improvement. Please keep in mind that the focal point of this report will be on problems and weaknesses, as opposed to strong points, to provide you with a laundry list for correcting these problems. For obvious reasons, we have confined our report to sound personnel, union prevention and governmental regulatory program practices as they relate to non-exempt personnel, and management, disciplinary and leadership skills with regard to supervisory personnel.

PART I. INDUSTRIAL RELATIONS AUDIT

A. WORK FORCE

Fabricators Division has no centralized personnel statistics reporting system. This lack of information makes it extremely difficult for division management to determine the state of its work force at any particular point in time. Given the present threat of unionization, budgetary problems and increased governmental surveillance of business activities, it is increasingly important that Fabricators develop a system of management intelligence reports which will reflect trends in employee population mix, turnover, absenteeism, overtime, staffing-to-sales ratios and the like. At present there is no centralized reporting system to pull all this data together in a meaningful fashion, and it is incumbent upon a Personnel Department to take an active role in providing innovative, meaningful reports to management.
which can contribute strongly to the effective and profitable operation of the company.

One of the things we look for in a population profile is any disproportionate concentration of age, sex or racial mix, since a heavy concentration of any one of these groups leads to union vulnerability or governmental regulatory problems such as E.E.O.C., F.E.P.C., etc. On the basis of statistics provided to us with regard to your age mix, it appears that Fabricators has managed to avoid over-hiring youthful employees, which can pose a danger to the Company since younger employees have a propensity toward union membership due to their gullibility to union promises.

Minority employment was reported (1976) at approximately 15% of Fabricators' total employment which is lower than the general work force population in Seattle and especially the immediate surrounding community areas. Fabricators has only 6.2% Black employees, 6.2% Oriental employees, and Spanish-American employees constitute less than 2% of the minority work force. While we do not recommend the need for immediate changes or any massive affirmative minority recruitment programs, it is apparent that Fabricators' employment population falls below minority census data for greater Seattle, which government agencies may view as a form of de facto discrimination (e.g., you would be hard-pressed to justify the absence of any Spanish-American female employees out of the entire work force). Although it is not likely that Fabricators will be subjected to an inspection of their work force, they can be vulnerable in the event of an E.E.O.C. or F.E.P.C. discrimination charge by one employment applicant. We recommend that you begin to encourage supervisory personnel, who are responsible for recruitment and employment, to seek additional (but only qualified) minority personnel on an attrition-replacement basis. It should also be noted that there are no minority personnel in any exempt classifications.

Employment distribution on the basis of sex reveals a 31% female population. Your distribution of females in "exempt" positions, plant and clerical areas, seems to be sufficient.

Although we were not supplied with any evidence that Fabricators has been filing EEO-1/EEOC reports, we were informed that they do report annual minority statistics to the corporate offices, leading us to the conclusion that Fluorocarbon files such reports on behalf of all their divisions. If this is an incorrect assumption, this is an area requiring immediate review. The Company's Affirmative Action Plan also appears to be sufficient for the present, but is outdated and in need of reissuance for the current year.

In the area of turnover, we were able to obtain only limited information (again, due to lack of any meaningful statistical
reports or summaries), showing a turnover rate of almost 100% among full-time personnel. We did note that of 141 terminations for the year, 40 of these terminations were due to the dis-continuation of the paint (phone) lines, but even so, the adjusted turnover rate is 70%, which is highly abnormal. Sixty-eight percent of this turnover is due to voluntary quits and 32% is due to discharges. These statistics would seem symptomatic of poor selection and hiring methods and internal problems that make it difficult to retain personnel.

We would recommend the development of turnover reports and exit interviews to help pinpoint the causes of high turnover prevention to build a more productive, stable work force. Due to the absence of such records, there was no way of evaluating patterns of or causes for turnover either by type or by reason.

Our primary concern here is to minimize the cost of turnover, which can be translated into costs of hiring and replacement, additional training, lower productivity, etc. The idea is that much of this problem could be controlled up front, by providing Fabricators' supervisory staff training in the area of Interview and Selection Skills, so that they are able to screen out those employees who are not suited for long-term employment.

We suspect that the incidence of absenteeism/tardiness at Fabricators is much higher than necessary due to an absence of any centralized attendance records and intensified by a lack of discipline in this area. Without accurate, individual or departmental records, the supervisors are helpless in identifying absenteeism. To compound the problem, they have no attendance standards, rules, or guidelines to work with, which almost guarantees that employees cannot be properly disciplined for excessive tardiness or absenteeism. (The policy manual shows only "Frequent or habitual absences" without any frame of reference.) This combination can be expensive in terms of improper discipline, insufficient staff, overtime costs, etc.

We would recommend that a centralized absenteeism/tardiness record-keeping function be maintained or overseen by a personnel representative for two reasons:

1. To watch for and control, on an overall company basis, any departments that might deviate from allowable attendance standards, and;

2. To insure that individual supervisors are maintaining equitable standards of attendance expectations (for example, if Supervisor "A" permits his employees considerable time off while Supervisor "B" runs a very tight ship and disciplines quickly for absenteeism, you have a problem). In either case, someone should counsel those supervisors who appear to exceed such standards for corrective action.
There is also reason to believe that many of the supervisors at Fabricators have abdicated their responsibility for absenteeism and tardiness control, which is unfortunate both in terms of poor discipline and, more importantly, operating costs. Our feeling here is that Fabricators' supervisory personnel could use some basic training in disciplinary standards and procedures. We also discovered that most supervisors are checking and signing timecards only when overtime is worked. As a result, supervisors are not monitoring daily employee entries, which practically guarantees that there is no identification of tardiness. Consequently, we feel that supervisors should review all entries on timecards, morning and night, and sign all timecards each week. Unless they do so, they will continue to pay for (and thereby encourage) tardiness or early departure.

Insofar as work-related injuries/illnesses were concerned, we were advised that the Company does maintain all required OSHA log forms, and although only limited data was available to us for reporting at the time of our audit, we see no serious problems in this area in terms of magnitude. The frequency of minor injuries is higher than normal, but in our opinion, this does not constitute a serious problem.

B. EMPLOYMENT, RECRUITMENT AND SELECTION

At the time of our audit, the recruitment and initial selection process was centralized within personnel/finance and the final selection and employment process was decentralized, ultimately permitting most supervisors to do their own thing in hiring employees. While this is not an unusual practice in smaller companies, it is our understanding that supervisory and administrative personnel have had absolutely no training in the area of interviewing and selection skills. As it is now, as evidenced by the inordinately high turnover numbers, even the present centralized selection process seems to be of questionable value and, supervisory personnel could have tremendous payback in selecting higher quality people.

We would also caution the personnel representatives to expand their vigilance in carefully reference checking new employees. We are seeing signs of organizing tactics which consist of "planting" organizing personnel into target companies for the purpose of organizing from within. More often than not, such personnel appear to be "perfect" candidates in almost every respect, and only careful reference checks will reveal such activities or in other cases, marginal work records. We also encourage decreased dependence on written reference checks and increased emphasis on at least two telephone references on every new hire, which are far more likely to produce spontaneous and realistic background data---a practice which you appear to observe in only some cases.

The orientation procedure for new employees seems completely
insufficient at present, especially for a manufacturing organization. New employees who have never before worked in the aircraft-support industry can be quickly confused and overwhelmed by tight schedules, special equipment, departmental workflows, inter-relationships, etc.

At present, new employees are given only a quick briefing at the time of hire, which we feel is insufficient. Many companies provide new employees with group orientation meetings of from one to 1-½ hours in length during the first two weeks of employment, covering not only "signup" procedures, but a real sales and marketing approach to wages, benefits, and the Company in general, rules, regulations, housekeeping, personnel policies, safety, work procedures, and information regarding Fabricators, Fluorocarbon, other divisions, etc. Once you get the right employee, we feel that it is imperative that you get him or her off to the right start in every possible respect. (We would also encourage one or two key executives to meet with all new employees at new-hire, orientation meetings.)

Finally, we noted that the present employment application form presently in use is in compliance with most E.E.O.C. and F.E.P.C. standards, and appears to meet all current, non-discriminatory guidelines. We would also recommend the use of a pre-employment health questionnaire, and have enclosed a copy of one format for possible adaptation.

C. LABOR RELATIONS

On the basis of our audit review and assessment meetings, we found substantial evidence of both overt and underlying union "organizing" activity. There were elements of discontent in most departments that, if permitted to continue uncorrected, will foster support for such activity---when the time comes. (Many of the employees indicated that the reason the Longshoremen's Union lost the last election was that the Union itself "turned off" many of the people (Communist literature, barroom organizing, lack of credibility, etc.), but that as of next April, they will bring in a stronger union, i.e., the Teamsters.) While these elements are discussed in more detail later in this report, they boil down to: (1) poor supervision; (2) inadequate communications, (3) low wages and (4) wage inequities. None of these problems is so great that it cannot be quickly and effectively dealt with by some affirmative and strong management actions.

One of the major problems at present is that since the election, not one action has been taken to correct many of the problems that began the organizing in the first place, despite the many implied assurances and pleas to "give the Company another chance." As a result, the Company has now lost any credibility it once may have had. For example, several employees said, "During the election period we got more communications and attention than we ever did in the last ten years. So we gave the Company our
our vote and since the election.....nothin!"

Needless to say, much work needs to be done quickly, particularly in a heavily unionized city such as Seattle.

D. WAGES AND PAY PRACTICES

As indicated below in this report, wages and pay practices at Fabricators are a mess. Although we were not provided with any wage schedules, the average rates we were shown would indicate that the Company is well below "going rates" in the Seattle area for light manufacturing industries (except machine shop classifications). This was strongly confirmed by many employees who indicated that they had placed applications at other firms and were only waiting to be called.

There were many examples of serious wage inequities called to our attention by many personnel, the basis for which seems to be due to an archaic "merit review" system that appears to be manipulated by both supervisors and the president. The result is that the majority of people feel that the whole system is one of favoritism. The recent 20-cents across-the-board "cost of living adjustment" appears to have been a complete waste of effort and money in that many employees accepted this adjustment as a "long, past-due, right," wanting to know when they are going to get "real increases." Adding to this problem was an attempt by management to give merit adjustments to newer employees to accommodate increased minimum wages while ignoring most of the longer-term personnel. Furthermore, many employees are aware that machine-shop personnel were all given substantial raises based on "union scale," while all others were not. Although there are more such examples of the problems illustrated here, the point is that an overhaul of the system would seem to be in order.

It is our recommendation that the pay systems at Fabricators can be vastly improved and simplified by placing all hourly production classifications on a uniform, progression wage-step pay plan for all such employees, which would provide fixed, incremental steps in pay rates to a maximum rate, that would parallel to a great degree the learning curves for the jobs. An illustration of this type of plan would be as follows:

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<thead>
<tr>
<th>SALARY GRADE</th>
<th>STARTING RATE</th>
<th>90 DAYS</th>
<th>6 MONTHS</th>
<th>1 YEAR</th>
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<tbody>
<tr>
<td>A</td>
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A plan of this type provides for learning and experience differentials, recognizes seniority, is similar to the type of plan that a union would pitch and, more importantly, avoids the built-in
"favoritism" that most plant employees see in merit plans. While supervisors still control progression (by delaying or suspending step-increases to those employees whose performance is below par or those who have received rule or performance warnings), employees have better visibility and guidelines for their future, so they know what is ahead.

General office, clerical and exempt positions should be continued on a merit pay system, but the method of performance evaluations and criteria for merit adjustments are in need of improvement, particularly with respect to establishing performance goals, standards and levels of achievement.

Since we were not provided with any specific wage data, we were unable to conduct a benchmark comparison of your current wages and salaries to contemporary, area survey rates. Nevertheless, we feel compelled to mention that the most important aspect of wages and salaries is that they be competitive, not only from the standpoint of recruiting and retaining top level personnel, but in presenting a strong defense against a Union drive which would most certainly be focused toward "higher wages." Frankly, if we were spending the money, we would put everything we could into wages and salaries in 1977. Anyone who tells you that wages won't create union activity today has his head in the sand. We are seeing this every day, in every industry imaginable.

E. BENEFITS

We examined all of your benefits in some detail and find most of your benefits competitive and, in many cases, excellent. Our chief complaint in this area is that the Company does an inadequate job of marketing and exploiting them. We feel that if your benefits are good, you should let your employees know it in every possible way. In a non-union company, this becomes even more important, because when you don't publicize them, your employees may often assume they don't exist, thereby needlessly creating a "poor benefits" image.

Our philosophy concerning benefits might be summarized into four general recommendations:

1. The most important benefits are the ones that contribute to employees' take-home pay, or minimize any possible reduction in that pay (such as medical expenses or premiums). Our advice to employers today is to take all of their available dollars and put them into wages and salaries---providing that their benefits are at least competitive.

2. Ensure that your benefits are really benefits to your employees, and not just fixtures on a wall. Make sure the money you're investing here is recognized and really appreciated (i.e., consider the
value of a pension plan to a 20-year old employee).

3. Continually review benefits to ensure that you are getting the most benefit for the dollars you are investing. This means:

A. Rebid those plans to which you contribute premiums or investments, on a periodic basis, and look at new brokers or agents as well as new plans. Many employers are throwing dollars away in this area, when they could substantially increase benefits at little or no increase in cost. (In this regard, we would recommend that your present medical/dental/life insurance plan be rebid through a new broker - the present costs appear to be quite high);

B. Check the administration of your present plans. The most liberal medical insurance plan can be rendered as "useless" if claims and payments are slow - causing a benefit to become a serious liability.

4. Market and exploit your benefits---they're not benefits if your employees don't know about them. Moreover, be sure to take advantage of those benefits which:

A. You're required to provide by law (how many of your employees know you match their social security contributions dollar-for-dollar, or fully fund their unemployment compensation insurance);

B. Costs you little or nothing to provide on an annualized basis (such as "report-in" or "call-in" pay), but which will "fatten up" and round out your total benefit package.

We have reviewed your benefits with these concepts in mind, and have noted our comments concerning competitiveness or weaknesses below:

1. Report-In Pay

Comment - No plan, not competitive. This plan provides a minimum assurance of pay in the event an employee reports to work, but none is available, without prior notice. We normally recommend a 4-hour policy that in all probability would cost you nothing.

2. Call-In Pay

Comment - No plan, not competitive. Similar to above, provides a minimum work or pay benefit to those who are called back to work after a full shift.
3. **Four-Day Work Week**

Comment - We find the Company's Handbook relatively silent on this subject, and the procedures quite insufficient. Your four-day work week/ten-hour day really deserves better treatment and documentation.

4. **Paid Breaks**

Comment - Competitive (although we are now seeing a trend toward formal 15-minute breaks in lieu of 10-minute "loose" breaks).

5. **Vacation Pay**

Comment - Competitive. An excellent plan that is improperly and incorrectly documented in the Employee Handbook. The present wording sells the plan far short of actual benefits.

6. **Shift Premiums**

Comment - $.15 night shift premium needs to be reviewed against Seattle area for prevailing rates and practices for competitiveness.

7. **Bereavement Pay**

Comment - No plan, not competitive. We recommend three days "funeral" pay for death in the immediate family (a very low-cost benefit).

8. **Sick Leave Plan**

Comment - We find your plan competitive in terms of the accrual rate (40 hours per year of service), but obsolete as sick leave plans go. The present plan, which provides a benefit only to those employees who are absent and nothing to those employees with excellent attendance records, encourages absenteeism. We would recommend that the plan be modified to allow an "attendance bonus" cash pay-off of accrued, unused sick leave at the end of each year (just before Christmas) as an inducement to prevent absences.

9. **Leaves-of-Absence**

Comment - Fair, but not sufficiently documented. We recommend carefully written policies on this subject, covering (and limiting) such items as medical leave, maternity leave, personal leave, military leave, etc., including maximum allowances, ground rules and a statement that negates guaranteed re-employment in all leave situations.
10. **Holidays**

Comment - Competitive. (We would note that although 8 is the current standard, there is a rapid trend toward 9 holidays per year.)

11. **Group Medical Insurance**

Comment - Competitive. Your practice of paying 100% of the employee's insurance premium is good, and 100% of dependent coverage is outstanding (and somewhat unusual). The benefits provided under the plan in conjunction with major medical benefits appear to be reasonable. (As noted earlier, premium costs of this plan appear to be high.) The Handbook description of this plan is inadequate.

12. **Life Insurance**

Comment - Competitive. A good plan, which is not given justice in the Employee Handbook.

13. **Dental Insurance**

Comment - Competitive. This type of insurance is becoming rapidly popular throughout the business/industrial community. It deserves better marketing in the Handbook.

14. **Retirement/Profit Sharing Plan**

Comment - Although we were advised that you do provide a retirement/pension plan for your employees, we were given only limited information about the plan, and could find only a minimum reference to it in the policy booklet. The most important element of a pension plan is the ability to say you have one. The plan is worthless as a benefit, however, if your employees don't know about it or if they don't understand it.

15. **Jury Duty**

Comment - Competitive. This is not only a "patriotic" benefit, but one that will cost you little on an annualized basis.

16. **Service Recognition Plan**

Comment - Competitive. A nice plan, but there is an indication that many employees might prefer a Service-Pin Plan in lieu of the gift catalog approach.

17. **Military Leave Pay**

Comment - As noted above, you have not documented any
specific policy for Leaves of Absence. In this case, we would suggest that you incorporate policies as provided for in the Military Re-Employment Rights Act, and a compensation differential policy for two weeks Reserve Summer Camp duty. The cost would be infinitesimal, but would look good as "one more benefit."

18. Credit Union

Comment - No plan. In these days of inflation, a popular way of providing employees with automatic savings and low cost loans. (May not be practical at a division of only 145 employees.)

19. Disability Plan

Comment - Short-term plan is competitive, Long-term Insurance - no plan. (This is an optional type of plan that is gaining popularity, particularly for higher rated personnel. It is not uncommon to have employees pay 100% of the cost of this plan, enabling you to give your employees an excellent benefit at zero cost to your company.)

20. Service Award Plans

Comment - No plan. For a firm that's been in business for over 30 years, with many employees of long service, we were surprised to find no such plan. As mundane as they may seem, service pins or recognition awards are very meaningful to lower-rated personnel. (See item 16, above.)

21. Employee Stock Purchase Plan

Comment - Competitive. A good fringe benefit. The key, now, to making this so in the eyes of your employees is to communicate, market and sell, sell, sell, particularly since this type of plan is confusing to a majority of employees.

22. Educational/Tuition Refund Plan

Comment - Competitive. A good plan that needs to be better standardized and liberalized. First, the plan costs next to nothing. Secondly, it's a patriotic plan. Thirdly, an educational benefit such as this just might pay back some dividends in bettered performance, when properly marketed.

23. Part-Time Employee Benefits

Comment - Poor, no major benefits provided. Unfortunately,
many employers are not aware that regular, part-time employees (those who work on a regular and recurring basis even though the number of hours may vary) can vote in a union election. Part-time employees who can vote, usually vote for the Company 90% of the time if they get pro-rated holiday, vacation and sick pay benefits. The contrary is true if they don't. We would strongly recommend that you consider pro-rated benefits for the few part-time personnel whom you employ.

As we indicated, Fabricators' benefits are not being marketed very effectively---they need to be continually "sold" to employees---in as many ways as possible, including new-employee orientation, newletters, bulletin board announcements, group meetings, re-orientation meetings, bulletin board features, etc. are additional approaches. We would also recommend the preparation of a "bank-book-of-benefits," including those benefits required by law. This could be prepared and distributed annually. For added punch, you might also consider a simulated "bonus" paycheck for the total amount of all aggregate benefits to each employee for the year, as a real reminder of what they receive from the Company.

We also recommend that a long-range benefit plan be prepared so that additional benefits can be introduced and "budgeted" each year. Such a plan also provides a good basis for a strong offense in the event of a major union drive.

F. PERSONNEL POLICIES AND PROCEDURES

There is a conspicuous absence of well-documented personnel policies and procedures. As we suspected, your practice of providing supervisory personnel with no personnel policy information has accomplished minimal communications regarding policies to supervisors and virtually none to employees (a majority of your employees have not read their handbooks and those who have recall very little information). A well-written handbook could provide your employees (and supervisors) with the majority of information they need to know. As it is now, no one seems to know what all of the rules are. A few policies that we feel need better definition and documentation are:

1. Disciplinary Policy

You appear to have a policy that is not clearly defined nor communicated to your Supervisory personnel. Such a practice would appear to permit supervisors too much discretion in administering disciplinary action, which allows:

A. Inconsistent disciplinary actions among different supervisors;
B. Inconsistent discipline at varying frequencies of infractions;

C. Difficulty in enforcement of penalties.

We suggest that a uniform, disciplinary procedure be established, providing for, as an example, one verbal warning (with notes to the Personnel File), a final written warning with notes to the Personnel File, and then the discharge step, unless that step has been mitigated by the passing of a reasonable, established period of time (twelve months). We strongly recommend that your disciplinary policy be rewritten into a comprehensive and uniform plan that will:

A. Broaden your disciplinary strength;

B. Be more clearly understood by employees; and

C. Encourage supervisors to take prompt action when necessary, and start cleaning out marginal or troublesome employees.

A well-written Employee Handbook would contain clearly defined rules and regulations which could go a long way in helping you to administer and enforce a disciplinary program, eliminate grey or question areas, and promote uniform, equitable discipline in all Departments. Such work rules should specifically list those standards of conduct and violations for which disciplinary action or discharge may result, including the conduct of personal business during working hours, the false statement or claims of injury or illness, falsification of Company reports or records, fighting, horseplay, drugs, littering, gambling, personal use of Company telephones, etc. We would suggest that such a list be created to incorporate these and other potential disciplinary or dischargeable offenses.

2. Seniority

Although the subject of Seniority is relatively silent at Fabricators, it is an important element in a well-rounded Personnel Program, and is most meaningful to lower-rated employees. We recommend incorporating it as a policy to embrace in writing—such elements as job selection, shift preference, recalls, vacation preference, etc. This subject would also be the basis for a strong union pitch, unless you had previously initiated such a policy. Suggested wording: "When job performance, skills, and physical fitness are relatively equal, seniority will prevail in all cases of layoff, recall, promotion, transfer, vacation and shift preference."
3. **Grievance Procedure**

The present plan as shown in the Employee Handbook is an excellent basic plan. The problem is that it is never used and no one trusts it (principally because of an oppressive and prevailing management attitude that suggests that anyone who complains about anything is asking to be fired). The plan should be renamed as a "Grievance Plan." Management should encourage use of the plan, even to the point of "forcing" employee problems all the way through the plan to show employees that it really works.

4. **No Solicitation/No Distribution Rules**

Your present written policies on this subject are illegal and in violation of National Labor Relations Board guidelines on this subject (which become quite important in the event you encounter union activity). In contrast, we would recommend that you word such a rule as, "Employees may not solicit for any purpose during working time, and Employees may not distribute literature for any purpose during working time or in working areas." Once you implement such a rule, be sure to enforce it consistently and prohibit all forms of solicitation.

5. **Performance Review Procedure**

Employees need feedback. They need to know how they're doing and where they stand with their supervisors. The present lack of meaningful performance review or rating systems is an area that needs much improvement. A good plan would force each supervisor to evaluate and rate his/her people to ensure that they really are weeding out the deadwood. It also provides good documentation for winning unemployment appeals cases. A good plan, well administered, can only save you money in terms of improved performance and increased productivity.

6. **Arrival and Departure**

Although there are documented rules regarding early arrival or late departure, which prohibit non-exempt personnel from remaining on the premises during non-working time, we found that this policy is not being enforced. We suggest that these rules should be strongly enforced for two reasons:

A. To avoid the possibility of paying for "unworked overtime" (at present, you permit non-exempt employees to remain on the premises and in working areas when they are not working);
B. To lessen any likelihood of distribution of literature by employees before or after work shifts, on the premises.

7. Job Posting

Fabricators has no job posting or job bidding system in effect, and the absence of such procedures tends to nullify what could be an effective promotion pool system. At the present time, employees who are desirous of a promotion have no real visibility for growth other than the whim of their supervisors. In contrast, formalized job posting and job bidding would more actively demonstrate the principle of promotion from within, not to mention the added fortification it would give you against a union drive.

8. Employee Policy Handbook

As noted earlier, one of the more serious deficiencies we discovered at Fabricators was an inadequate employee handbook, the most fundamental of management communications to employees. Such a handbook should also contain employment policies, policies relating to work and pay provisions, personnel policies, disciplinary procedures, benefits, etc., and each employee should be given his or her own copy. Generally speaking, it's hard for your employees to play the game without knowing the rules. It would also be beneficial to your supervisors and would assist them in the knowledge, administration and execution of company policies.

Obviously, we strongly encourage the development of a better handbook and, as we discussed earlier, would be pleased to assist you in preparing one quickly and at a reasonable cost.

G. COMMUNICATIONS

Communications, or rather the lack of it, is perhaps the most critical element leading to union activity, specifically, poor upward and downward communications. In contrast to management's own self-image of "good communications," a strong majority of your employees rate them as "poor."

Because our experience indicates that communication is one of the most important aspects of an effective Industrial Relations Program, we tend to stress communications objectives over all others, and would strongly suggest some additional programs as follows:

1. Downward Communications:

   A. Regular, "State-of-the-nation," all-employee
meetings three or four times a year (and not just preceding "bad news" events);

B. Improvement of your present indoctrination/orientation program and semi-annual or annual follow-up or update meetings;

C. Letters to the employees' homes from the President's office, two or three times a year (as opposed to the present "hand-outs");

D. Group, first-line supervisory meetings.

2. Upward Communications:

A. Monthly Departmental Meetings in which supervisors meet with all of their employees to discuss open-ended questions and problems at a local, departmental level;

B. Exit Interviews that are conducted during all terminations, which are regularly reviewed by Management Personnel;

C. Monthly, employee open-forum meetings (one of the best communications programs in existence today, where employees are selected on a rotational, month-to-month basis to attend round-table, two-way question and answer sessions with top management. (We have attached to this report a set of guidelines for conducting such meetings.)

We cannot overemphasize the importance of upward as well as downward communications in any work environment, to enhance an individual's sense of dignity, belonging, and "being needed" among your employees. Perhaps the most important aspect of communications lies with the supervisors. There are several excellent training programs that are designed to enhance supervisory skills and give them practical experience in fulfilling their management responsibilities. We hope that you will never let anyone ever tell you otherwise, in any well-managed industrial relations program, the first-line supervisor is always your first and last line of defense. If employees have an opportunity to vote for or against their employer, in reality, they will be voting for or against their supervisor.

H. GENERAL AND MISCELLANEOUS

1. On the basis of our own observations, the Company's lunchroom is one of the most depressing areas in the building---stark, cold and gloomy. Interestingly, on the basis of our experience in hundreds of union organizing campaigns, a well-stocked, clean lunchroom or area performs wonders for employee attitudes and morale. We would strongly recommend the addition of food and
beverage machines, additional chairs and tables and (recognizing that you will be moving in the future) a quick, brightly colored paint job. Employees need a place to relax and congregate during their rest/lunch periods. The suggestion that such an area would only encourage vandalism or wasting time is testimony only to poor supervision—not an enjoyable lunch area.

2. We would strongly recommend that "no trespassing" signs should be installed on the premises near entrances to the parking lot—an important technicality in excluding or removing unauthorized personnel (such as union organizers) when it might become necessary. Many unions will often test companies without "no trespassing" signs and local police will not aid without such signs being posted.

3. We noted relatively few morale programs at your company and would suggest something in the order of an action-oriented recreation club composed of employees to sponsor recreational events, athletic programs, summer company picnics, Christmas events, etc.

4. The present "Employee Committee" meetings are not only illegal (this is potentially a company-controlled in-house union, and an 8(a)(1) and 8(a)(2) violation of the National Labor Relations Act), but a waste of time. Most of the employees consider the committee meetings "a laugh." We would recommend that these be immediately discontinued and replaced with the open-forum Communications Meetings previously discussed in this report.

5. Safety Meetings are nothing more than foreman-dominated, housekeeping meetings which most employees find of no or little value. We would recommend establishing a rotating, employee Safety/Inspection Team approach which we feel would be well received and beneficial to morale as well as safety conditions. (We noted several serious safety hazards and dangerous conditions in the plants that WISHA has allegedly overlooked and which management has apparently ignored.)

6. The present methods and procedures for dealing with unemployment compensation claims appears to be highly inadequate. There seems to be no knowledge or procedures concerning record keeping, eligibility/disqualification data, appeal procedures, review of charges, protests, hearings, audits, etc. There is a strong likelihood that the company is wasting or losing much money in this area. One individual should be trained to handle and administer all such claims and related activities.

7. The present 30-day probationary period should be extended to 60 or 90 days to permit supervisors adequate time to evaluate new employees. The present practice of extending probationary periods, in cases of marginal employees, should be discontinued. Marginal, probationary employees should, in our opinion, be
discharged before they complete this established time period (Our motto here is, "When in doubt, throw them out").

3. Finally, although we did not have an opportunity to meet the present Personnel Manager/Executive Assistant, Ginny Steiner, due to her hospitalization, the many, overall deficiencies discovered within the Personnel function might well suggest a problem in this area. While it is possible that her "ineffec-tiveness" might be due to serious constraints and limitations imposed upon her by her superior, Kirk Schlamp, this is a position that needs to be carefully evaluated. Fabricators Division would justify, and certainly deserves, a competent personnel representative—which would go a long way in fortifying a non-union status and enhancing a productive and beneficial employee-relations climate. (We would note that employees made almost no reference to this position or individual during our interviews, and only negative comments in the few cases where it was discussed.)
PART II. EMPLOYEE ATTITUDE ASSESSMENT

As an extension of our audit program, I conducted small, group meetings with all Fabricator's employees from both shifts and from all departments at both Fab South and Fab North. To begin with, I introduced myself at each meeting as an employee relations consultant, retained by the Company to assess employees' feelings about their Company and all aspects of their working environment. I assured all employees of total confidentiality with regard to not identifying individuals and indicated that we would only report comments and problems as a group. When necessary, I also assured employees that management would not wish to retaliate against employees who had negative comments.

I found the majority of the employees to be quite vocal and most were quite anxious to have someone to listen to them. In comparison to my experiences at many other firms, I would characterize the overall mood and level of morale as one of much frustration, despair and some bitterness. Many of the people seemed to be resigned to certain problems and philosophies ("That's the way it's always been and that's the way it's always going to be..."), and several seemed almost uncomfortable and suspicious at first, at the aspect of criticizing management and/or its policies. It was obvious that these meetings were the first of this type that they had experienced and the vacuum for upwards communications was apparent.

As for the content of the meetings, the problems and subjects were surprisingly consistent from one meeting to the next, and I am convinced that the remarks and subjects were spontaneous and not prepared or rehearsed. In running these meetings, I try for a free flow of information without attempting to bias subjects - other than occasional "prodding" questions. I collected nearly 100 pages of rough notes at Fabricators and through cross-indexing, have boiled this information down to the essentials and grouped it by subject for your convenience. As I see it in a nutshell, the major problems are wages; supervision/management; communications; equipment, tooling, supplies and housekeeping; methods and procedures; and personnel policies and practices - in that general order. As Fabricators' employees see it, their problems and comments are as follows.

A. WAGES AND COMPENSATION

This was the subject that ranked #1 in terms of frequency and hostility (except for both Machine Shops, in which all wages are fixed to current Washington Metal Trades/I.A.M. contracts). I'm sure that much of the bitterness here was due to years of sub-standard pay in most departments, complicated by a hurried, spit and scotch tape attempt to fix things after the recent union organizing attempt. Unfortunately, many of the cures were worse than the disease and managements' obvious attempts to "soothe things over" after the election have gained them some contempt and much loss of credibility.

Beginning with the common cry of "Wages here, stink.", there were
few areas of compensation left unscathed. Most employees felt that starting wages ($2.83 - $3.00 was quoted) are totally inadequate and responsible for the high turnover of new people ("Once they get on board and discover what other employees are making after many years, they figure they're not going to earn much more and quit."). Many employees stated that "compared to other companies around here, we are low in every department except for the Machine Shop." Part of the Company's credibility problem is due to the fact that all employees seem to be aware that "the Company pays Union scale to machinists, but the rest of us get ------- short shrift" (expletive deleted). As a result, there is much interest in attempting to get union scale in another obvious way. Several employees, both in meetings and individually, told me that many people were just waiting for the chance to "get another drive going with the Teamsters." Some employees indicated that they were holding second, part or full-time jobs since "we can't make it on our wages here."

There was much evidence of internal wage inequities and favoritism in the present performance/merit review system. Most employees indicated that the performance review system was a joke and had nothing to do with consequent increases. Many of the longer term employees indicated that longevity was completely disregarded and that they were not receiving any raises while almost all newer employees did. There was much evidence that Supervisors had attempted to excuse low wages by telling that they "have to allocate their dollars to newer employees because they're paid so little." A few long-term employees in the Gasket Shop (one with over nine years of service) stated that they were receiving less than some new hires. Some people stated, "The Company only hires cheap, unskilled people who are unqualified to do the job, because that's all they can afford." There was also evidence of sex/wage discrimination in that some female employees stated that they received less than males for the same work and that they were told by their foreman, "You don't need as much money since your husband makes a pretty good salary in his job."

The recent attempt by the Company to introduce an across-the-board, Cost of Living Adjustment of .20¢ per hour was, in the opinion of most employees, "unfair." Some of the problems mentioned included, "The COLA was delayed well after our regular merit reviews were due"..."In the past, we got two merit reviews each year but now, we will only get a COLA in August and only one merit review per year." Many of the employees had a tendency to accept the COLA as Management's meager attempt to make up for years of past inequities and that they were being deprived of current wage increases as a result of this new scheme.

To complicate matters, a great number of employees indicated that they had recently received performance reviews with the last four to six weeks, but that their supervisors had refused to tell them whether or not they had received merit increases ("You'll find out when you get your next paycheck"), and most employees had conjectured that they would receive no increase. In several cases, employees indicated that newer people got or
or would be getting both COLA and merit increases, while older employees would not be getting any merit increases.

In most of the meetings, I was surprised by the number of employees who articulated the Company's need to prepare job descriptions, job classifications and wage structures "based on the different skills and jobs around here," and to "give us a better idea of how high we can go." (In contrast, one manager - Jay Olsen - had earlier indicated that the Company had avoided job descriptions because, "we are a job shop and want to keep maximum flexibility." ) Many employees stated that "all jobs are paid pretty much the same, regardless of what we do in the job...". In general, a majority of the employees felt that the Company just didn't "give a damn," or "care about us employees." Many stated that there was no encouragement or incentive to perform better nor to improve their technical skills, knowledge or worth, and several people indicated that they were "holding back" by reducing their output. These attitudes were best reflected in the statement, "Why should I bust my ass for the money they pay me?"

B. MANAGEMENT AND SUPERVISION

A close second on the list came under the category of supervision. In many cases, it was clear that supervisors were taking the heat for poor communications, lack of clearly defined policies, wage inequities, etc. In most cases, however, it appeared that a majority of supervisors lacked that management skill known as leadership, the symptoms of which we have covered in more detail in the following paragraphs and in Part III of this report. There were a number of common characteristics that applied to most supervisors which I feel are appropriate to include in this section.

The one individual who appeared to be the focal point of most employee hostility, was the President, Kirk Schlamp. I have rarely seen, at any company, the magnitude of employee bitterness toward a president that I did at Fabricators, among both hourly and salaried employees alike. As an illustration of this, one meeting began with the statement, "If you're here to really find out what our problems are, I'll save you the trouble and sum it all up for you by saying, replace Kirk Schlamp." Kirk was variously characterized as, "repressive," "chauvinistic," "oppressive," "out of date," "still running a one-man shop," "totally ineffective," "deceitful," "cheap," "hypocritical" and , "the man who is responsible for most of our problems." The anecdotes and tales about Kirk occupied a good portion of the meetings and, without attempting to repeat any of them here, would indicate that while Kirk seems to be the direct cause of most of his problems, part of his poor image
is due to some supervisors who are unquestionably convincing their employees that "Kirk, not me, is the bad guy."

In general, many supervisors were imbued with many of the Kirk Schlamp attributes that are noted above and the most common indications were that supervisors were capricious, unfair and arbitrary. Employees felt that they were often judged or disciplined on the basis of personality, looks and such characteristics as length of hair, rather than on performance. There were many stories of employees who were "unfairly" fired "without justification," some only days after being hired, "for not meeting production standards." One employee whose name (Cameron) was mentioned at most of the meetings, was discharged for an incident of unauthorized absenteeism and was rehired, without apology, one-half hour later when the supervisor realized that he had made an error. (Despite this error, the employee was given a warning slip to "make sure that he didn't forget the rule.") One lead man stated that one employee was discharged just prior to 30 days employment in order "to avoid paying him Holiday Pay." Many employees indicated that Kirk Schlamp had personally fired or disciplined employees right on the floor for a variety of ludicrous reasons ("long hair," "moving too slowly," "sitting instead of standing," etc.) and that all employees were "constantly being watched by "big brother" (all supervisors), and were "scared to death" for fear of being discharged for arbitrary reasons.

Many employees complained that there was absolutely no orientation or training given to any employees and that new people who did something wrong or didn't make standard and were fired, did so only because they were never properly taught or given time to do their job properly. Supervisors were often accused of treating employees like children. Employees in one department were given new rules after the election (e.g., "no more than two people may sit together at work," "No Smoking signs went up in certain areas, even though customers and inspectors were allowed to smoke in these same areas," and, "all lights will be turned out during lunch period to conserve energy.") Employees felt constantly harassed and several were told, "you can be replaced with unskilled labor." Several people stated that they were told that they could not sit down when working, even when sitting would not hamper their performance (several cases were cited).

Most employees seemed to suggest that there was a "total lack of direction or leadership" from top management, that "managers and supervisors can't be effective even if they wanted to," and that "management is very weak." Most felt that Kirk Schlamp never delegated any authority and "makes every decision from who doesn't get a raise to buying a roll of toilet paper." Some employees suggested that there was much interdepartmental rivalry, especially among supervisors, and that Kirk did nothing to prevent this. Employees stated that supervisors and the
President were always quick to criticize or "jump on us for anything that goes wrong," but were never complimented when they did something right. One additional, common criticism at Fab South was that although supervision was nice, it was "too lax, and some employees who should have been disciplined were not because of favoritism."

C. COMMUNICATIONS

The total lack of effective, formalized communication is a serious problem at Fabricators Division. To put it into the words of some employees, "What communications?"

Many of the employees felt that each department was like a separate company, with a complete lack of communications from one section to the next ("there are invisible fences"), worsened by an almost negative form of competition between supervisors. The only meetings most employees were aware of were occasional safety or employee council meetings, and most people stated that they received little or no value or information about these meetings from their co-workers.

Most employees suggested that this problem starts at the beginning..."There is no orientation for new employees, no tours, no training or explanation of what we're supposed to do or how to do it." Many employees were trained entirely by co-workers, not by leads or supervisors. "From that point on," one employee said, "communications are even lousier!" Several employees also expressed the frustration that supervisors each had their own interpretation of personnel policies, resulting in a subtle form of favoritism (e.g., reasons for allowing sick leave, vacation scheduling, early wash-up or departure, etc.).

Many employees indicated that they depended on rumors as a source of information more often then they did from supervisors for information regarding the Company. Several employees were frustrated by the absence of formal communications, indicating that they had "no priorities, no direction, no guidance, no constructive criticism and no compliments" from management. Others were frustrated by their inability to communicate inter-departmental and procedural problems to their own supervisors as well as to others. They were also upset by the fact that "no one asks us or explains to us about equipment changes..."we're the ones who need it most." There were several comments that organization changes were rarely announced in advance ("They do it first and you generally hear about it later or figure it out for yourself.")

One clear message that many people at every meeting discussed was the fact that there were meetings and communications "galore" before the election, and "nothin' since." Most indicated an inability to communicate problems to their supervisors or to top management ("...are you kidding?") and felt that the Company's
Grievance Procedure "is a laugh!" Of the meetings now taking place, some employees indicated that they had to "borrow" some time out of safety meetings to talk about other problems, that in a few cases, some foremen held meetings occasionally "but nothing ever gets accomplished," and that the Employee Council Meetings were "totally useless." The Council meetings have apparently deteriorated to the point that in some departments, employees had to be forced by their supervisors to be on the Council. Most attendees said that their requests were almost always turned down or ignored, that the meetings always covered "the same old things," and that they have been instructed that "debriefings to other employees in the department must be held on break time, not on Company time."

D. EQUIPMENT, SUPPLIES, FACILITIES AND HOUSEKEEPING

This subject occupied a substantial portion of every meeting to the point of almost dominating some of them. Although the subjects were discussed in the light of some emotion and anger, it was interesting to note that a great majority of employees were angered by the fact that these problems caused them and the Company to be inefficient, unproductive and unprofitable.

Most of the complaints regarding facilities occurred at Fab South but these seemed to be ameliorated by the forthcoming relocation to the new building at Fab North. Complaints at Fab South included: the need for vents or fans in the raised-floor area due to excessive heat; molds which are "falling apart and won't hold tolerances...", "we need a new mold repairman since the present one spends all of his time talking and doing other things."; the "raised floor is rotting away..."; "We need new foam machines to increase our production, but Kirk is too tight to buy them..."; a need for better ventilation in the chemical storage/use areas. (In my personal opinion, the housekeeping situation at Fab South was incredibly poor.)

The most vocal departments on this subject were, by far, the Machine Shops: "We need tools!"; "We need serration cutters, hand tools, bits, mills, a tool grinder and better equipment." There were many complaints about outdated, obsolete and faulty machinery; "We have a lathe, two mills and a turret lathe, circa: 1942 ("That must have been a very good year.");"an incompetent maintenance man, and need for a full-time, qualified machine maintenance mechanic;" "Our tooling situation is ridiculous - tools are missing, dull or too old to use;" "it takes me 3 or 4 mill cuts that I should be able to do in one cut..."this is wasteful and hurts profits!"; "We waste a tremendous amount of time scrounging for nuts, bolts, clamps, cutters, and can't find tooling because it's stored in cardboard boxes on the floor;" and, "Our tooling and bits need to be sharpened, replaced, preventatively maintained and organized."
We heard similar complaints like this throughout the other meetings. For example, the Plastics Department meetings included: "We have to supply our own tools (hammers, scales, tape measures, allen/hex wrenches, etc.) and are told that we have to buy them when we get hired... which is one-half of our paycheck."; "The Company is too busy to take care of any of our equipment problems... ovens, molds, tooling and heaters are in really bad shape;" "We can't get molds repaired so we end up doing it ourselves, taking three times as long to do it..."; "unless it breaks in half, they won't fix it."; "Kirk is too cheap to hire another maintenance man... We have no maintenance, no preventative maintenance, and if an oven breaks down, we fix it..."; "We have no ventilation in the fibreglass area nor over acetone tanks, and we need a booth for fibreglass sanding."; "No protective clothing is supplied and paper dust masks are inadequate for fibreglass... "it's murder..."; "Ovens are unsafe and in disrepair..."; "There's no ventilation, ceiling vent and oscillating fan don't work..."; "Compressors and vacuum pumps are too noisy and vent back into the room.".

From Quality Control, there were a myriad of complaints about obsolete inspection tooling, broken and worn guages, calipers, etc. "The Company is twenty-five years behind times on Inspection equipment." "With the equipment we have and without a Cordex machine, a 10-minute job takes us an entire day.". From the Gasket Shop, "We need a new lift, a new band saw, a new compressor, new tools..."We usually end up with everyone else's cast-offs...". The list of complaints on this subject were extensive, and I feel that the best way to cope with this problem is to assign one specialist or a task force to review the Company's entire equipment and maintenance needs, in the very immediate future.

F. MANUFACTURING METHODS, PROCEDURES, ETC.

As with the above subject, we heard a substantial number of diversified complaints about poor planning, scheduling, quality control and systems problems. Material shortages were a popular subject in almost all departments and complaints included erratic Q.C. inspectors' procedures: "Inspectors are moody and may pass parts on some days but not on others," "Job cards show hours but not reasons for problems and time allowed to inspect," "Work comes into the Aerospace Shop and it sits at the supervisor's desk for weeks, then at the last minute, they shove it through, but they haven't checked to see if proper tooling is available ("and it isn't")...". "We often get two days to perform seven-day jobs..."; "Thanks to poor scheduling and poor material planning, everything gets pushed back to the end of the month", (This complaint was heard from every department.); "Cost estimating is screwed up and estimators have no
idea of how long it takes us to produce parts;" "No time is allowed for set-up in Fibreglass..."; "Standards are completely unrealistic..."; "New employees can't cope with these standards, but leadmen are pressured to enforce them, or else."; "Quality of products are bad because we don't have sufficient time to produce products by the time we finally get materials"; "Job cards are useless - we fill them out, but they're never really used..."; "There's no sense of organized scheduling or planning, production standards or cost standards - we often sit around at the beginning of the month for days or even weeks, but at the end of the month, it's Chaos!"; "Job cards are fictitious"; "First we quote prices, then we figure out the costs..."; "If you look over our computer reports for the Plastics Shop, you'll find that our costs have more than doubled on many jobs in the last few years..."; "We have only one qualified First-Article Inspector, others are unqualified and we often have to stand around and waste time awaiting inspection and paper work - which wastes time and money for the Company, not to mention what the effect is on our so-called job cards and job costs..."

(As an editorial comment, it was an interesting and pleasant experience to hear production employees articulate a sincere and obvious concern about such things as productivity and profitability.)

G. PERSONNEL POLICIES AND PRACTICES

The major complaints in this area covered such things as a total absence of orientation and training for new employees ("Employees do more training that leads or supervisors - leads don't have any time for training since they're under too much pressure to do other work and supervisors are often never around..."). Employees in most of the meetings recommended that the Company needs to train employees in reading and understanding blueprints, tolerances, specs and traveller sheets. Several people included suggestions for a blueprint reading class and a few requested things like a tour of Boeing Corp. to better understand product applications.

There were many complaints about absenteeism and tardiness control, in that supervisors were being inconsistent about enforcing standards. As an example of this, many of the employees were quite upset about an "attendance bonus" plan that was granted to one department (one-half hour off for perfect attendance in a week for the Plastics Department), but not provided to any other department.

Many employees expressed a concern about inconsistent work-rules, disciplinary actions, differing personnel policies in different departments, etc., and were often frustrated by their inability to get straight answers to questions regarding these subjects. Often, supervisors who did not have the answers to these questions were accused of frequently passing the buck to others.
in the Company, and it often sounded like an "Evers-to-Tinker-to-Chance" situation for many of the people.

H. BENEFITS

This is the one area in which the Company scored "high marks" by a vast majority of all employees, thanks in part to many of the benefit improvements made by Fluorocarbon. With almost no exceptions, employees felt that the vacation, holiday, group insurance, etc. plans were satisfactory and comments ranged from "good" to "great."

One exception to this was the Company's Sick Leave Plan, which many employees felt encouraged people to be absent ("That's the only way they'll ever collect... " If you don't take it after you've saved 80 hours, you lose it anyway...”). Several employees wanted to see the plan extended to allow accumulation of more hours, while others suggested the Company pay employees at least one-half of their unused hours.

I. GENERAL AND MISCELLANEOUS

Many employees at Fab South expressed apprehension and fear about moving to Fab North, due to "the way they do things up there." Much negative information about the "oppressive working conditions" at Fab North have filtered back to these employees, including disciplinary procedures and discharges. Part of this problem has been created by a few Fab North managers who have carried tales with them to Fab South. A major part has been due to an almost total lack of discipline at Fab South, undisciplined tardiness and absenteeism (which is a real problem), coffee access throughout the day, and a generally permissive working environment. In contrast, many Fab South employees did take much pride in their team spirit, esprit de corps and good human relations atmosphere (words that were not even suggested at Fab North).

On the other hand, employees at Fab North were acutely aware of their low morale and lack of team spirit. Several felt that the Company just didn't "give a damn" about any of the employees. A few Black employees stated that they felt that the Company was discriminating in not hiring a greater proportion of Blacks ("They only got 7 or 8 Blacks out of 150 people, and we're sittin' right in the middle of a Black neighborhood... "). Many employees indicated that more than anything else, they would like to stop being treated like children and start being treated like responsible adults.

Finally, and coincidental to our earlier recommendation, a number of employees expressed a need and desire for a Personnel Department (representative) to better handle employment, selection, and someone to talk to regarding "policies, benefits, salaries, personnel problems," etc., and to act as an arbitrator in disputes with supervisors or managers ("who aren't
often available for such discussions"). We concur with this suggestion and feel that a well-trained individual could be an excellent industrial relations investment.
PART III  SUPERVISION

I had the opportunity to meet briefly with all key supervisory and management personnel and conducted non-directed interviews with each in order to permit them to identify their major areas of interest and concern. Some of which have been included in Part II of this report. Overall, in attempting to evaluate the effectiveness of these people in supervising, managing and directing their most important resource— their employees— it is my impression that you are experiencing more weakness than strength in this area.

Since it would be unfair to attribute employee comments as a whole to the entire management group, I have identified those comments as they relate to individual supervisors, where appropriate.

JAY OLSEN — Controller

I would describe Jay as bright, articulate, professional, an individual who is meditative and shy. He tends to be reflective, not particularly open or direct, and has a moderately high level of anxiety. He is a strong technician in the sense that he can adequately deal with complex problems and concepts such as finance, accounting systems, and data processing technology. On the negative side, he is not particularly aggressive and would probably tend to smooth or compromise organizational problems rather than attack them with any degree of drive or persistence. Although he probably envisions himself as a strong line manager, I doubt if he could successfully cope with such conflict and feel that he would operate more successfully in a staff role.

One of Jay’s present ambitions is to expand into the sales and marketing areas of the Company and while I believe he has correctly identified some of the present problems in this area ("our present sales staff are basically milk-route men...") , I would hesitate to place him into a position involving sales management, sales strategy, techniques and sales markets. He would be of value in assisting in market research, however. Part of Jay’s present problem may be that the finance role at Fabricators has been emasculated by Kirk Schlamp and I feel that if he were delegated broader responsibility and authority, especially in cost accounting and cost controls over manufacturing, that Jay could function more effectively.

Jay’s concerns included:

- Inadequate wage scales in Gasket, Plastics Departments at Fab South;

- Lack of professional sales and marketing expertise and sales potentials that the Company is not exploiting;

- The need for better management and administrative communications (teamwork?);
- The need for major improvements in work flow, physical layout, utilization of personnel and operating efficiencies.

MIKE CRADDOCK, GENERAL MANAGER, FAB. SOUTH

Mike is a bright and very conscientious individual with a high degree of initiative and whose potential for growth and expanded responsibility seems excellent. He is intelligent, very articulate and has very good persuasive skills. On the weak side, he may be overly defensive about causes important to him, somewhat impulsive, may be too concerned about details, is rather idealistic, and tends to lack insight in assessing strengths and weaknesses of subordinates. Although Mike's primary role is sales, there were many indications that he is not a salesman. While he feels comfortable in the order-taking role, I would tend to doubt his abilities to establish an aggressive, sales and marketing management function for the entire organization. I do feel that Mike has the potential for development in manufacturing management, but he will need much in the way of training in management, leadership and disciplinary skills.

Mike's concerns included:

- A strong dislike for the heavy-handed form of discipline and oppression now in existence at Fab. North;
- A serious concern about low wages for most hourly personnel;
- Apprehension about the Kirk Schlamp style of managing and communicating;
- Problems of bottlenecking, delays, lack of urgency and inadequate quality control, production and material control;
- The many problems involved in merging Fab. South into Fab North, especially in terms of management style and employee relations.

DOUG QUIMBY - PRODUCTION MANAGER, FAB. SOUTH

Doug appears to be an individual who was miscast in his present role of Production Manager. His personality and interests appear to be more geared to research and development and manufacturing engineering than in line management. His strong points include: a good mental ability, a disciplined approach to work and he appears to be a conscientious worker and reliable. On the negative side, he is reticent, not particularly outgoing, has a high degree of anxiety and appears to have a low-to-moderate energy level and limited persuasive skills. Doug did not seem to possess those characteristics that are likely to instill real enthusiasm or challenge for his subordinates. While he seems to be very religious in nature and overly sympathetic toward subordinates, he probably lacks credibility in his communications and management efforts to get them to perform. He was also
accused of some favoritism with production employees, tends to be elusive in dealing with those he does not like, has demonstrated little in the way of training subordinates and abdicates rather than delegates responsibility to them. Needless to say, Doug would certainly benefit in management skills training.

Doug's concerns included:

- Lack of direction and communications regarding the forthcoming relocation of Fab. South;
- The negative feeling of competition between Fab. South and Fab. North;
- Frustration about the Company's lack of commitment to keep up with the state of the plastics arts;
- A major interest and desire to have the Company enter the field of reaction injection molding;
- A dislike for Kirk Schlamp's concept of dealing with people;
- A discomfort in his inability to solve absenteeism problems;
- A genuine fear (substantiated) that union problems are not over with yet.

DOUG SCHEFFER - "Production Supervisor" - Fab. South

Doug is a likeable young man of adequate mental ability. He is a tenacious, hard worker who gets along well with other people. He is a loyal employee, polite and has a moderate desire to improve his position with the Company. In the areas of weakness, he is not articulate and is extremely shy. He has a high level of anxiety and is fearful of offending others or making a mistake. He tends to supervise by being a nice guy, and no doubt finds it difficult to "get tough" in a disciplinary situation. As a result, he will probably bury himself in manual work, will have a higher standard of performance for himself than for subordinates and will tend to "look the other way" in the event of disciplinary problems. Doug, who was hired as a Janitor three years ago, really occupies a "lead" position rather than a supervisory one. He is not a perceptive supervisor and his evaluations of subordinates' performances will be superficial and unrealistic. Doug feels that he may have been promoted beyond his capabilities and is somewhat fearful of his present role. Overall, his qualification as a supervisor is marginal and his potential for increased responsibility at this time are quite limited.

Doug's major concerns included:
- A fear of moving Fab. South to merge into Fab. North.

- A fear of present employee attitudes with regard to wages, the union election and the move;

- A desire for better rules, personnel practices and less restrictive management approaches at Fab. North.

MARY DOWNING - PURCHASING AGENT - FAB. SOUTH

Mary is a very bright and sophisticated young woman whose principal strengths are: tenacity, strong convictions, a high need for recognition, and a very orderly and methodical personality. She is very outspoken and articulate and is a highly conscientious and dependable individual. Her areas of weakness include: an extremely high anxiety, a high degree of sensitivity, a low self-esteem and tends to be defensive, overly concerned with people's reactions to her and her actions. She expressed a surprisingly high degree of hostility and negativism toward Fabricators (Fab. North) and many Company practices and some individuals. As might be expected, she was quite protective of management at Fab. South and seems to resent the acquisition of AMCI and the forthcoming physical merger of the two firms. Mary is very apprehensive about the move because of the threat it poses to her present role and the competition presented by her counterpart at Fab. North, Caroline Trout, who she dislikes. She also fears being placed into a "clerical" assignment and hopes to remain in the Purchasing function. Mary seems to be well suited to her present role and if the Company can win her over (in terms of her attitude), she would be an excellent asset to the firm. (Editorial comment: I am personally intrigued about the possibility of assigning Mary to the Personnel responsibility discussed earlier in this report. Although not discussed with her, she has a healthy criticism of present personnel practices and if, after a careful assessment of her qualifications, she is interested in this role, such an assignment might successfully resolve two obvious problems.)

Mary's concerns included:

- Many apprehensions about the forthcoming consolidation, including distance, large Company atmosphere, wage inequities, and "petty rivalries";

- Questions and worries about her role in the future, consolidated operations;

- An abject criticism of Company practices regarding poor employment practices, inadequate training, poor communications, poor purchasing practices at Fab. North and inadequate equipment at Fab. South.

- Interests in acquiring new equipment and injection molding equipment to enhance product line and sales;
Diversifying into new product lines outside of aircraft business to lessen dependency on this market;

The poor attitudes, environment, policies and practices fostered by Kirk Schlamp.

RAY HOFFSTATTER - MANAGER OF ENGINEERING AND PLASTICS PRODUCTION

Ray is a bright and articulate young man whose qualifications for his present position are very good and whose potential for growth and expanded responsibility seems excellent. He has an excellent mental ability, personality makeup, and interests which appear to be well suited to a higher management position. His strong points are a strong drive for success, a high degree of goal orientation, strong persuasive skills, well-developed analytical skills, an openness and candor in dealing with people, a positive attitude and high performance standards for himself and for subordinates. On the weak side, he may be a little too stubborn, is highly perfectionistic, and probably expects too much from others and is somewhat impulsive and defensive (which may cause him not to listen at times and talk excessively at others). Ray is a potential innovator, but he is suppressed by Kirk and his methods of operations. He has a relatively good relationship with his subordinates (except for Len Solemsaas) and has a remarkably sophisticated approach to supervisory techniques and employee relations (if he were permitted to use them). This man is definitely of strong management calibre and offers the Company much potential for development.

Ray's concerns included:

- Inadequate training of new and present personnel;
- Poor utilization of labor and time, an unrealistic assessment of manufacturing costs and a major concern regarding poor productivity levels;
- High turnover of personnel;
- Poor employee attitudes;
- Firing marginal or poor employees;
- Attendance problems;
- Minority employee problems;
- A need to overhaul the entire employee/human relations program;
- Supervisory/management training.

ALEX SAFIOLES - MANAGER, GASKET SHOP

Alex's qualifications for his present position are average and his potential seems quite limited. Psychologically, he has reached a point in his career where he is merely trying to
survive. His strong points include an excellent technical expertise, excellent work experience, loyalty, and dedication to the job. His weaknesses include: compulsive, fixed-habit responses, a high level of insecurity and anxiety, a complete lack of insight and rapport with all of his subordinates and an inability to cope with new and changing situations. He tends to deal with problems from a mechanistic, oppressive and negative standpoint and his employees "tolerate" him but no doubt consider him to be a block to change, growth and positive direction. Although Alex seems to feel that he is an excellent communicator and benevolent supervisor, there is every indication that this is not the case, and he spends less than 10% of his time in the Gasket Shop area (During this interview, Alex refused to leave his office for fear of missing any telephone calls). His total insensitivity to employee needs will continue to be an increasing problem.

Alex's concerns are too numerous to include here, but some included:

- A need to pay more money to certain of his employees;
- Better recognition and gratuities for better employees;
- Dissatisfaction with his Leadman, Dick Russell;
- A need for a better suggestion plan;
- Kirk Schlamp's image problem;
- Better, upgraded equipment;
- A preference for the 5-day week over the 4-day week.

DICK SMITH - MANAGER, QUALITY CONTROL

Dick, who supervises only five full-time inspectors, seems to be a happy-go-lucky kind of guy. He has a good mental ability, an outgoing nature in a quiet way, and is open and candid in expressing his opinions. Although he lacks polish, he is quite sophisticated in matters of supervision, leadership, and employee relations, and appears to be a qualified technician in the quality control arts. On the weak side, he is not particularly articulate and has some difficulty expressing himself. He seems to lack self-confidence, has a high sensitivity to criticism and although possibly stubborn, will tend to compromise under pressure. Dick seems reasonably well suited for his present position, but should be carefully evaluated in terms of his systems and planning strengths.

Dick's concerns included:

- Pay and benefit inequities among hourly quality control employees;
- Shortage of quality control staff;
- Lack of proper inspection tools and equipment, adequate quality control procedures and training;
- Low productivity throughout manufacturing;
- Poor communications throughout the Company;
- Lack of intelligent pay structures for hourly personnel.

WALLY PASCOE - MANAGER, COMMERCIAL MACHINE SHOP

Wally's qualifications for his present position are better than average, but his long-range potential within the Company may be limited. As a long-time, small business entrepreneur, his personality is such that he is better suited to a technical/ management role than a position of higher management responsibility. On the plus side, Wally is a hard worker, has good experience in a commercial job shop, and is a conscientious and dependable individual. Weaknesses include: a high degree of shyness and sensitivity, evasiveness and probable limited learning ability in management skills. Wally definitely lacks communication skills and will tend to supervise from a maintenance standpoint rather than a motivational one.

Wally's concerns included:
- A concern that his employees feel like they're working for a separate company (something that Wally does little to correct);
- The recognition that he is a "hard guy to work for";
- The need for better communications throughout the Company.

LEN SOLEMSAAS - MANAGER, PLASTICS SHOP

Although Len holds an important management responsibility at Fabricators, I would judge his qualifications for his present position as below average with limited potential for the future. His strong points are: his experience, technical knowledge, ability to push production and loyalty to top management. His weak points are that he is slow-moving, not particularly bright, an inability to "read" or relate to people well, defensiveness, evasiveness, limited persuasion skills, an extremely high level of anxiety and insecurity, compulsiveness, habit-prone behavior, and a lack of leadership characteristics.

Len's reputation with his subordinates leaves much to be desired. He was often described as a manager who is unavailable, who won't listen to problems, who doesn't want to be bothered with "details," and who will not permit subordinates to go over his head. He was characterized as an oppressive supervisor who was
quick to criticize (but never compliment) and was accused of frequently disciplining employees without good cause and arbitrarily discharging employees. His reputation with other, interfacing departments is also negative. Overall, Len did not impress me as an individual who possesses the kind of talent the Company can build on for the future.

Len's concerns included:

- Poor wages;
- Better ventilation and temperature control for his department;
- A desire for an enlarged, clean, open lunchroom;
- A dislike for the attendance bonus in his department.

JIM POTTEET - MANAGER, SHIPPING, RECEIVING, STORES AND MAINTENANCE

Jim recently was reassigned from the now defunct Paint (phone lines) Department to his present responsibilities and still seems rather uncomfortable in his new saddle. Although he has a diversified work background in a variety of miscellaneous assignments, his qualifications for his present position are average and his potential may be limited beyond this point. His personality is such that he may be better suited to a more specialized role in that he tends to be a "wheel-spinner." His present position may offer too much mobility and non-direction to extract any effective, measurable performance. On the plus side, Jim can be a hard worker, has good experience and technical knowledge and average mental ability. His weakness may outshadow his strengths and include a high anxiety level, a tendency to be overly critical of others, hyperactivity that may be non-productive, and a low temper threshold. Jim will tend to jump to conclusions too quickly, is egocentric, and defensive, very fixed in his ideas and opinions, and is quite abrupt in dealing with people.

Jim has an inflated opinion of his supervisory capabilities and in contrast to this outlook ("I have a good rapport with my people."), the majority of his subordinates don't think much of him as a supervisor. He tends to come on with a superficial, aggressive, "Texas" approach, but much of this is bluster and does not in any way contribute to effective relationships with his subordinates.

Jim's concerns included:

- The effectiveness of the recent COLA increase;
- Discomfort with the present wage scales and merit review procedures;
- Dislike for the Plastics Department attendance bonus plan ("not fair to my people").

AL GRAVE - MANAGER, AEROSPACE MACHINE SHOP

Al's qualifications for his present position are very good and his potential is also good. His maturity, intelligence, and need for success should continue to be assets to Fabricators. He has a strong need for recognition, is a little idealistic and can act impulsively at times. On the negative side, he is a perfectionist who expects a lot from himself and probably too much from others. He probably has a temper and impatience which he tries to control, with only some success. He is very independent and stubborn in his thinking, but with effort should be able to work well with others. His almost 20 years of association with Kirk Schlamp have tended to dull his expectations in the way of systems and planning, department organization and equipment. I do feel that he would be responsive to new direction and motivation in these areas, if given the right push.

Al has an apparent tendency to scream or yell in pressure situations---mostly for effect---and it would benefit him greatly in his relations with subordinates if he were cautioned to control this routine and discontinue the use of the pet phrase "holy toledo."

Al's concerns included:

- Pay rates for Plastics Tooling personnel (paid less than Aerospace Machine Shop);
- Wages in Gasket Shop, Plastics and Fab. South;
- Personal problems of a few of his subordinates.

SUMMARY

In evaluating the overall strength of your supervisory/managerial personnel, it is our impression that you are experiencing more weakness than strength in this area. Furthermore, none of Fabricators' supervisors have had any recent exposure to formal training in supervisory and management skills. Our advice here would be to critically evaluate all of your first line and middle-level supervisors and managers and replace the weak ones (unless the reason for their weakness is simply that they haven't been trained even though they have the right raw materials) and provide the good and strong supervisors with skills training in interview and selection techniques, problem solving, communications, leadership and management skills, etc. Unless your supervisors are spending 70% to 80% of their time supervising, and are not burying themselves under paperwork and red tape,
they are not being effective. Training would go a long way in helping to solve many of these problems. In the future, technical knowledge should be only one criterion to use in the selection of new supervisory personnel, and we would recommend that the first priorities be demonstrated management, leadership, and employee relations skills.

Finally, there is a strong indication that Fabricators is very vulnerable to future management crises from a management development standpoint. The future absence of one or two key executives at the Company could create major problems from a standpoint of "replacement," and continuity of growth and direction, because of a lack of backup. We believe that it would now be appropriate for top management to sit down and begin developing a backup organization plan for the future, including an assessment of incumbent personnel and the possible infusion of "new blood" by recruiting some strong, managerial talent from the outside. Along these lines, we feel that it would also be advisable to reexamine your salary ranges for management personnel, a prerequisite for attracting good talent. Once you have cast this plan, the important thing will be to begin implementing the necessary training and development of these personnel so that they are ready before they are really needed.

CONCLUSION

As we indicated earlier, we have highlighted problem areas in this report and have deliberately ignored those areas in which Fabricators may have performed well. But, since that's what we were hired to do, please recognize that this report was prepared with that objective in mind.

Aside from the supervisory/management development needs, the next most important objective we would recommend focusing on is strengthening your non-union status. Unionization at this point could be disastrous to your facility from the standpoint of both costs and disharmony. On the basis of a study performed by the Conference Board (a Washington research firm) several years ago, it was shown among two identical, side-by-side firms, one union and one non-union, both paying the same wages and benefits, that the unionized firm experienced 25% to 30% higher operating costs than the non-union firm... that's a fact. Moreover, we deal with hundreds of unionized companies every day in matters of grievances, arbitrations, organizing campaigns, collective bargaining and strikes, and I can only say that we think you don't need the kind of strife, politics and disruption that a union would bring.

To do this, we would recommend your first priorities include:

1. Developing competitive wage structures and equitable wage and salary administration through wage progression
structures (this is an absolute must prior to the consolidation of Fab. South with Fab. North);

2. Your department heads and supervisors definitely need supervisory skills training, particularly in interview and selection, discipline and leadership. (As I mentioned to you earlier, we have a number of outstanding, low-cost training programs that would really fit the bill.)

3. A major improvement in your upward and downward communications programs;

4. The development of a new and comprehensive Employee Policy Handbook, with copies to all employees;

5. Developing a task force to review and correct the many problems concerning equipment, supplies, manufacturing methods, cost analysis, etc.

In concluding, we believe that if you work on some of our suggestions—particularly those that we have stressed—Fabricators will have taken a major step in substantially improving the utilization of its work force, proportionately reducing the threat of unionization, and, perhaps making your future growth much smoother.

After you have had a chance to review this report, we will be available to discuss any and all aspects of our recommendations in further detail. Please feel free to call upon us at any time.

Sincerely,

WEST COAST INDUSTRIAL RELATIONS ASS'N

Steven J. Ross
SJR:eaz

Enclosure
P.S. Although we have discussed this matter by telephone, I have taken the liberty in this postscript to merely remind you that one of the very top action priorities concerns the problem of Kirk Schlamp. Without rehashing all of the criticisms and negatives here, I'll just indicate that more than anything else covered in this report, Fabricators is in desperate need of a really effective, top-level, Manufacturing Director, who needs to completely separate Kirk from virtually the entire manufacturing segment of the business, and who needs total authority and as much autonomy as possible to rebuild this function. Unless you do this, I feel that this report will be a futile and rhetorical exercise.

SJR