

LEARNINGS FROM VISIT TO P&G ALBANY PLANT*

Generous Excerpts from the Original Trip Report

June 1976

Introduction

Lewis Berniard, Art Kohler, and I (Bill Veltrop) visited P&G's Charmin Plant in Albany, Georgia. This memo is an attempt to provide a fairly detailed summary of my observations.

As a framework to explain my understanding of this organization, I will use an "Albany Version" of the *Cause/Effect Model* I put together for the Baytown Refinery. This is especially appropriate since I originally borrowed the concept from work that Dick Walton of Harvard had done with Albany. The model, shown on Page 2, will serve as an index for this memo.

Overall Observations

This plant is an important organizational achievement. It is a demonstrated business success, making steady progress toward achieving its organizational design. I found the visit extremely useful. I don't see it serving as the model of what the Baytown Refinery might be. I do see it as a real live culmination of a long evolution of organizational design work. As such, almost every design feature has potential for raising important questions, sparking new insights, and influencing organizational improvement work at Baytown.

The place is not an organizational utopia. Their "manager" system is not as advanced as their technician system. Their technician turnover is quite high (12 to 18 % annually), especially for females. It is not a peaches and cream place.

I guess the thing that excited me most is that they appeared to have done everything as well as people currently know how, and it's working. The plant was achieving a productivity level equal to that in an equivalent traditional plant after six months in operation. After only three years of operation, it is substantially better than the next best P&G plant with equivalent technology and an advanced organizational design.

Everybody in the plant seemed busy all the time. There is a climate of purposefulness throughout the plant. Although many of the organizational mechanisms have been tested in their other plants, the overall design is tailored to the needs and constraints of their situation. It is also clear to me that they have a bunch of things going for them: new plant, no union, modularized operations, small-town setting, relatively depressed area, etc.

I think that our examination of each of their design features, whether or not it has potential applicability at Baytown, has real merit in terms of (1) raising questions, (2) increasing our awareness of organizational variables under our control, and (3) adding to our understanding of the relationships between those variables and bottom line results.

**Bill Veltrop, an internal consultant at the Exxon Refinery in Baytown, wrote this report.*

OBSERVATIONS OF ALBANY ORGANIZATION SORTED INTO "CAUSE/EFFECT MODEL" FORMAT

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1 Plant Organizational Genesis

The Albany plant represents the best in P&G's attempts to achieve excellence through application of state of art organizational design theory to their individual plants. Most of P&G's organizational development efforts have taken place with new paper plants. They have done some significant organization redesigns/renewal work with existing soaps-related plants. My assumption is that less than half of all their plants have advanced organizational designs.

2 Plant Size, Configuration, Work Force, and Technology

The Albany plant has been in operation for about three years. It has about 1000 employees, 850 are technicians and about 150 "managers," i.e. exempt personnel. It consists of four distinct and essentially independent modules or operating units.

Looking at the plant from a process flow standpoint, the first module is called Paper Conversion. This module employs approximately 250 technicians. It includes packing line operations involved in the unloading of cartons of crude paper from their Canadian plant and Georgia Pacific. The module also includes a number of processing steps similar to what you might find in a lube or grease plant. The second unit is the Paper Making module. This is perhaps most analogous to what you might find in the refinery. It employs 150 technicians and demands more maintenance and operations expertise than any of the other departments. The third unit is the Pampers module and it's an automated, assembly line operation. It employs 200 technicians. The fourth unit is the Warehousing and Shipping module employing 150 technicians. The plant is non-union. It operates, for the most part, around the clock seven days a week.

3 Facilities and Status Levels

The facilities are carefully designed to support their employee and production needs. The plant is all under one roof. The grounds and plant are clean, bright, and colorful. The administrative and services part of the building is strung out along the front of the plant and serves as a header for most of the traffic for all employees. There are clear boundaries in the production areas between the four different modules.

They basically have two status levels in the plant-the technician level and the manager level. Even this distinction is largely blurred with the primary physical difference being that the managers tend to have offices whereas technicians have team rooms. Everybody uses the same parking lot, there are no reserved parking spaces, everybody uses the same cafeteria, the dress is informal for everyone, and restrooms for all employees are combined with locker facilities.

4 New Managers from Traditional Systems

In almost every case where a part of the organization is having a problem, it seems to be the result of an individual manager who operates out of the more traditional top down directive mode. Fortunately, they have lots of checks and balances in place in the system. The new manager receives a lot of very straight feedback from the technicians, from peers, and from staff. It's clear to me that once you have a system in place which gives the technicians the responsibility and the wherewithal to run their business; once you get agreement around what the goals ought to be, then there seems to be little tolerance for a manager with high need to control how the goals are achieved who needs for the individuals to do things his way.

The manager coming to the Albany system from a more traditional system has something of a cultural shock to deal with. He may come out of a system where a high level of control, high level of involvement in details and proving that you have are highly valued. To move into a system where "supervising" is not rewarded and is in fact punished is a very difficult adjustment problem. This is an area that Herb is beginning to pursue more intentionally with indoctrination and assimilation activities for incoming managers.

5 Technician Teams



Each module consists of several departments. Most departments consist of four teams to cover all shifts. Each team consists of from six to twenty technicians who operate together as a unit.

- The technician teams are the fundamental building block in the organization.
- All technician assignments call for direct involvement in the "core" work of their department. The term "core" refers, to the tasks that are central to the department's primary purpose, such as producing paper, handling cases, etc.
- The technician team task boundaries are drawn to facilitate input and output measurement to provide the team with feedback about their performance.
- Each technician team includes in its membership the necessary skills to accomplish its tasks. Each member has the opportunity to specialize in one or more areas.
- Technician career planning is an important means of obtaining a good fit between individuals and tasks. Two-year career plans serve as a foundation for wage administration and performance evaluation.
- There are multiple routes for moving to higher levels of pay (such as operating, maintaining, coordinating, training, sensing, instrument and electrical, etc.).

- No technicians will have exclusive rights to tasks or equipment.
- The teams are designed with enough manning to permit them to relieve each other for training and vacations and to give them the flexibility they need to operate with a minimum of overtime in spite of disturbances.
- Undesirable tasks are widely shared with technician groups. No one individual will be required to spend full time doing undesirable work. Most work that is not central to the plant's operation and considered undesirable is contracted out. In addition to building and grounds maintenance, this includes security and essentially all of the stenographic work.
- "Managers" (all employees of exempt status), in either "line manger" or "specialist" assignments, provide support for the technician teams. Most teams started out with a line manager who stayed with them as they shifted. As the teams become more self-sufficient and self-directing, the individual team managers are phased out. Their design target is one line manager per 20 technicians. They have achieved that for about 70% of the plant.
- Each module does its own maintenance work and has a small shop that serves as a training ground for technicians wishing to specialize in maintenance. Generally there is a manager who does a good bit of the training of those technicians. An individual from a team wishing to specialize in maintenance might spend a two-year assignment concentrating about 90% of his time working in the shop and doing maintenance work on whatever equipment in his department required his assistance. He would then return to his team at which time he would take on other duties in addition to being responsible for the maintenance in his areas. The number of individuals specializing in maintenance from a team would depend on the amount of maintenance work required by that team.

6 Training



Training is a vital continuing part of Albany's game plan. It is one of many examples of where they have decentralized the responsibility and the expertise down to the technician level for the most part. On a plant-wise basis, they have two individuals who serve as resources in the technical training area. At least one of them had previously been a technician at another plant.

Each team has an individual who has training as one of his areas of specialization. That person doesn't do all the training but is responsible for the competencies of the individuals in the team insofar as they are a function of training. Technicians who choose training as one of their areas of specialization spend about six months as a member of the "module training team" where they join with one technician from each of the other departments and have responsibility for training activities on a module-wide basis. They would shepherd and stay with a new class of employees coming into that module doing some of the actual classroom instruction. They develop special training materials as required

either for new classes of employees or by individual departments or teams within the module. They receive training-of-trainer instruction from one of the two plant-wide resources. They put out a weekly training letter accounting for all of their activities and they write contracts with the team's departments, and module, etc. for all their training work. They still do some work on the machines while being a part of this training team. At the end of that training period, they return back to their teams.

At Albany, they give a lot of attention to the process of induction and assimilation. They spend from two to eight week's full time in an indoctrination training session for new hires coming into a particular module. The following are some of the features of this orientation-training program:

- It includes awareness training and some confrontation skills around black/white and male/female issues.
- Much of the training is done in the same style that I've used in laboratory training, e.g. placing a lot of emphasis on the process of learning rather than content, placing the responsibility for keeping the "learning monkey" on their backs, etc.
- The OD manager in each module feels accountable for the class during the orientation.
- The technician training team manages the class from the start.
- The department managers and the module training team works together to divide the people up among departments and teams for assignments after the first or second week of training.
- After completing this training period, the individual is assigned to a team, and the team decides how to bring the new member on board. They sometimes appoint a sponsor to stick with that new person.

Their training of trainers is a three-day program which they design themselves using the open-systems design principles to applying them to the learning process. Ted Sivrais is the inventor of this material. He borrows the "performance audit" from Praxis. Ted indicated that a lot of the principles they use in training correspond closely to those established by George Odiorne of MDO, Inc. There are some tapes covering this material that we may wish to check out.

All training always takes place on shift time, though if any individual needs specific training to meet a particular need, he might be released for a full week's training on days. The team would cover for him during that period. E&I training is handled by those individuals who have achieved proficiencies in that area. Mechanical training is handled in a similar way.

There is essentially no technical training on a plant-wide basis. The module-wide training is primarily that associated with the initial assimilation process. Most of the training takes place at the team level.

Albany's overall design strategy around training is to integrate it into the work life of the plant. They have been pretty successful in doing that in the technician group. They are in the process of upgrading it within the manager group. They don't reward people directly for acquiring training. In other words, they receive no pay increases or other kinds of immediate rewards from completing courses. They are paid in accordance with their contribution and the responsibilities that they are able to carry out. There is a lot of emphasis on the process of learning, and they are pretty advanced in this area. They see continued learning and growth as an important part of their overall career plan. But they keep the monkey on the back of the technician teams to make that happen.

7 Organization Goal-Setting Mechanisms



The Albany plant started out with what they call the "5 in 2 Givens." These were a set of broad goals given to the plant by the corporation. The goal was to achieve in two years what it took five to do in the first new plant they built. In addition to that broad charge, the other "givens" follow

1. Provide equal opportunities for minorities and women
2. Develop best work culture attainable
 - creative
 - mutual respect
 - mutual trust
 - involvement in decisions that affect them
3. Operate non-union - no islands that can be picked off
4. Keep it clean
5. Be flexible - accommodate technological, social and political changes

The next level of goal definition and setting took place on a plant-wide basis and generated what was called the "Direction '78 Goals." These were formulated in an offsite meeting of representatives from the entire Albany organization (as well as headquarters representatives) in the summer of 1974 and defined four-year goals. They plan a similar four-year look ahead this summer where they are going to be pointing to 1980. Using that general framework of long-range goals, the plant management developed what they call plant guidelines. Under that umbrella, each module develops a list of key goal areas. That list is expanded into an annual module game plan. The hard data for the module game plan comes from a set of department game plans. Each department's game plan was developed by the department managers, team managers if any, and two technician representatives selected from each team. This last step is a crucial one and represents a reality testing step in which the module game plan is tested against the reality of what the individual teams feel they can produce. Technician career plans and performance objectives are developed by the individual, but must "material balance" so as to meet team goals and their department game plan.

Albany has expended a lot of effort, energy, creativity, and time in evolving a goal setting and feedback system for their entire organization. It is integrated from top to bottom. I believe that getting to the level of involvement, clarity,

accountability, and comprehensiveness being achieved at Albany is the secret to big improvement. Redesign is much, much tougher than new design so our hurdles are many. Getting to a comprehensive, well-designed goal-setting/feedback system is one of the single most crucial features in our making a step change in overall performance.

8 Technician Career Planning



Technician career planning is a very key feature in the overall organizational design. Individual technicians in concert with their team and with their line manager develop two-year career plans that cover a number of explicit and well-defined assignments. For instance, I talked with one technician who currently has as one of his assignments the area of production coordination. This would involve work that would be very analogous to that done by our first-line process supervisors. In addition to this major assignment, he would simultaneously carry out work in a number of other performance areas. This would include work that we might currently see as technician-work as well as other kinds of activities that we traditionally associate with supervision. In six months this technician was scheduled to move into a lab assignment. Here he would be in a kind of training mode and would no longer carry the responsibility of coordinating production. I have available more detailed information on their career-planning concept and can make that available.

9 Technician Performance Tracking System



Albany has an extraordinarily well-conceived goal-setting/feedback/reward loop at the technician level. It is the evolutionary product of a lot of experience and agony with various pay systems at their other plants. Its features include:

- Technicians develop two-year career plans that best meet their needs and team needs. This plan is a detailed description of assignments and performance areas within each assignment.
- The career plans are given a blind analyses by a pay board that may include technicians and is rated at one of eleven pay curves. Their evaluation criteria are shown in Attachment B. If the individual achieves the performance and learning goals implicit in that plan, he progresses on that pay schedule.
- The technician develops performance objectives every three months. The team reviews these and affected managers to assure that they are in line with career plan objectives, specific and measurable, and consistent with the team's needs and goals.
- The technician obtains feedback at whatever frequency she requires.

- The technicians prepare a summary evaluation of their performance against specific objectives every three months for review with his team. They reach a consensus on what has been achieved.
- This evaluation plus a new set of short-range objectives is then reviewed with the immediate manager in a one-on-one. See Attachment C for a live example of a Performance Evaluation Summary.
- Pay schedules will be modified if performance is not up to snuff.

On a lined-out basis the following was the direct time required to administer the pay system and career plan performance objectives:

- 1 1/2 hours team time/technician/3 months
- 2 1/2 hours manager time/technician/3 months
- 3 hours individual technician time/3 months
- 7 hours total time/technician/3 months

This overall activity is not considered a fun experience by the technicians. But it seems to be effective. It takes management out of the role of playing God around performance evaluations. It places the monkey squarely on the backs of the individuals closest to the data and with the highest stake in the outcomes.

I have fairly extensive information on their tracking system including a sample work-up of the copy that a technician generates in developing her career plan in short-term performance objectives. I can make this available for those who want a clearer picture of how this looks and works.

10 Wage Level



Albany currently does not pay a premium over the average of the southern pulp and paper industry. The technician currently averages in the league of \$6.00 an hour. This is generally considered good money for the area. They currently have approval to go as high as 10% over the average of the pulp and paper industry in the south based on today's demonstrated productivity advantages. So far they haven't exercised that prerogative.

As they move through time, the technicians continue to develop in the managerial work that they take over; and as they continue to improve their effectiveness, I would expect them to see considerable pressures to get their share of the productivity improvement dollars that they are currently realizing. Theoretically they worry more about total salary and wages to a module than they do about numbers of people. So as the technicians take over areas of work normally held by managers, this would make more money available to them.

11 No Promotions from Technicians Ranks



Albany has the firm policy of not promoting technicians to the manager ranks. Their rationale runs something like this. Promotions drain the best people out of the technician ranks and leave that group somewhat impoverished of talent and leave the plant with three basic status levels instead of the two that they now have. As you promote people, you tend to pull the more desirable work with the people who are being promoted and leave the jobs of the remaining technicians relatively impoverished. Albany, therefore, does not use promotion as a reward but rather uses an open-ended approach to increasing responsibilities and pay within the technician system. There are currently no limitations on how much responsibility and what kinds of work the technicians might ultimately take over. They are already doing a lot of work that our first-and second-line supervisors do as well as some kinds of things that they don't do.

As you extend this concept way out into the future, I would predict that their better technicians will be seduced from this system by other plants and other companies which will offer more status and more pay than they could get within the Albany system. I would guess that these technicians are receiving a better managerial training experience than the average of industry's supervisory/manager population.

We asked individual technicians how they felt about the zero promotion policy. Remarks varied from, "I understood that this is the way it was when I came into the system, and I don't expect anything different," to "Me, a manager, who wants it? As long as I can do what I want to do as a technician and get good pay, why should I want to be a manager?" Whether this attitude will hold up through the years is an open question.

12 Managing Systems



The definition of the functions of the Albany line managers is importantly different from that of what we might usually attribute to a supervisor. Attachment D includes descriptive material on the line manager function.

The Paper Making module has recently gone through a redesign of their management structure and they are proposing a "managing team approach." The team would be composed of five individuals. The line manager would be focused both inwardly and outwardly. He would be concerned both with hiring and firing, discipline, personnel decisions, etc. as well as interfacing with the other modules and with the plant manager. A second manager would be almost entirely outwardly focused. He would be concerned with technological change, with new project development, customer systems, and the like. The other three members of the management team would be technicians. These assignments would all be rotational assignments, probably about six months in length. One of the technician members of the management team would be responsible for production coordination. He would be an individual with production coordination experience on one of the teams and would worry with providing linkage between shifts and between suppliers and users. His focus would be within the module and between modules as it effects production. A second technician would serve as a

maintenance coordinator. A third would be responsible for training, administration coordination, performance tracking, pay systems, and the like.

Over a period of time, all of the teams' production coordinators (and in this module there are 13 teams), all of the maintenance coordinators, and all of the training coordinators would spend time as members of a module management team. This has not yet been implemented but looks like an extremely solid idea for involving the technicians in the whole business and for communicating total business understanding down to the technician level. During the period that these technicians would be serving on the management team, they would be working straight days and divorced from their team. The length of time would be somewhat a function of what it takes for them to really learn that assignment. This is one of the few cases where a technician would be completely divorced from his team for a long period of time.

13 Management Development



Albany has invested a great deal more effort and attention in the development of the technician system than they have in the management system. The managers feel somewhat neglected. One of their current major thrusts is in the area of manager development. The traditional approach to manager development is to rotate individuals through a series of different assignments and then if they look okay, promote them to the next higher level. Lyle Crandall, a recent OD graduate from BYU is spearheading this effort. In the view of Herb and Lyle, "management development" might consist of about 20% training, 30 to 40% coaching, guiding, counseling, selection criteria, and the remainder, the systems backdrop, the rewards, values, assignment practices that are in place within the organization. They are attacking all fronts with the objective of increasing the level of satisfaction within the manager ranks and maximizing the growth and competency within that group of people. One recently developed manager development training activity is a P&G sponsored Open System Leadership Workshop for a vertical slice of managers from various plants. Albany has been the leading contributor of trainers and attendees.

The management system at Albany has always been a troublesome area in that the exempt people rotating in from other plants sometimes tend to be more "role" and "power" oriented than "task" oriented and this can cause a great deal of mischief in the technician teams system. Albany had negotiated for a very large voice in manager selection with the corporate offices. They have largely been enjoying a high level of control.

14 Management Team Approach



One of the things that Albany is looking at as a potential for manager development is the approach of making a team accountable for the results in the plant or in a module. Basically what this results in is applying the technician concept to managers. Using this approach, you hold the team accountable for results but let them sort out for themselves who does what. Using this approach, it's in the team's interest to develop new people as quickly as possible and to

broaden their horizons to look at and feel accountable for the total organization. This approach has been in place at P&G's Dallas since 1971. As with the technicians, this requires a certain breed of cat, people who are able to collaborate effectively within this framework.

15 Internal OD Resources



Albany has six people who have competencies as OD practitioners. Herb is the OD manager and as the manager he is expected to operate in a somewhat more proactive stance than would normally be expected from an internal OD consultant. He and Lyle Crandall, the young man who is focusing on management development, are the only two OD people with plant-wide responsibility. Each module has an OD/ER person. The OD/ER manager has overall responsibility within each module for the pay system performance and feedback systems, for training of technicians, specialists, technician OD specialists, and sensors. Each OD/ER manager would conduct organizational redesign work as required. He would follow-up on problems revealed by routine sensing, etc. He is an integral part of the module line organization and reports to the module manager. From a technology standpoint, he reports to Herb Stokes.

16 Organizational Design and Redesign



The thing that most turned me on about Herb Stokes was his use of the living systems approach to organizational design and redesign. This is similar to what some folks call socio-technical systems (STS) design but in fact is somewhat broader. The systems design methodology that has been evolved within P&G is a vital part of the Albany approach. In addition to the obvious use of this kind of theory and methodology in the initial creation of the Albany plant, it has continuing and almost routine usage within the plant in dealing with whatever organizational problem arises. A number of parts of the plant have gone through one or maybe even two systems redesigns since startup.

The use of this methodology does not imply that you necessarily change the organization chart as such. What it does do is provide a discipline for a thorough analysis for the needs of the individuals and the needs of the organization and a problem-solving approach for coming up with whatever changes - whether it be in structure, in policy, or in job description, interfaces with other subsystem - whatever it takes to correct the problem to effect the improvement.

This process, which I only partially understand, is on its way to becoming institutionalized within the Albany plant. Herb is the foremost practitioner in this art and science within P&G and spends part of his time as a consultant to other P&G plants, both new and existing.

The existence of this competency and having it as a part of the Albany tradition gives them a sound process for dealing with many of the unforeseeable problems they will encounter in the future. It is their primary adaptive mechanism. Albany doesn't see any of their existing structures or mechanisms as cast in concrete. By definition, they expect people to change, the situation to change, the environment to change, and their needs to change. They have invested

in equipping themselves with a process with dealing with change. We need to invest the time and effort to understand this particular mechanism fully and to determine its potential Importance to our organization.

17 Affirmative Action



Herb is convinced that one of the ingredients to Albany's success is the very high mixture of blacks and females. He sees black/white and male/female differences as energy producers, which, if managed correctly, can add to rather than detract from the organization's effectiveness. In general, Herb finds the white males more conflicted around females in the work force than they are with blacks. He theorizes that the re-stereotyping of the male view of females is a much more difficult process since it literally hits closer to home than would be the case relative to blacks.

Albany addresses stereotyping as a part of their communications skills training. There is clearly an element of fear in confronting across race or sex. A part of the communication skills training is to list these fears, talk about these fears, and get them out in the open. The blacks are generally better able to do this than the whites and serve as models for doing this confronting.

I talked with Wilts Alexander, the OD/ER manager in the Paper Making Module, about their affirmative action efforts. He indicated that the two key steps in accomplishing affirmative action are awareness and accountability. They do extensive stewarding performance in the affirmative action areas within the context of their existing goal setting and feedback systems.

Albany has been quite aggressive in this area partially because pressure from the corporate offices to help bring the averages up for the total corporation and partially out of the values of the management group at Albany. Their technician hiring targets are 60% white, 40% minority, and 20% female. They are meeting that target. Their near-term targets in the management group are lower but their ultimate target is to reach the same proportions in that group. A very powerful end point goal for 1978 is to end up with a normal distribution of women and minorities across the technician pay curves. Progress toward this goal is tracked by computer and each department manager is held accountable for his or her ability to develop minorities and females through training and assignments to meet that performance goal. In other words, there are distinct rewards and punishments associated with ensuring that minorities and females receive the developmental opportunities required to achieve success.

They recognize that to get this kind of distribution throughout all assignments represents change and change is going to be difficult and it isn't going to happen by doing things like they have been doing. They exert considerable pressure to start forcing issues. It tends to be kind of messy at first, but it quickly becomes a way of life – a part of the culture.

Women in the technician ranks represent an area requiring special effort. They are very careful never to assign less than two women at a time to a particular team. They do this even if it means that some teams have no females for the time being. We talked to Melinda Horton, a very savvy young black, who has been an important resource in the affirmative action area. She is one of the team

managers. She makes the point that women have trouble believing they can do things and as a consequence, it's really crucial having women teaching women. On the issue of providing special training or additional training for females, they have taken the approach of providing it as needed. They have lived with whatever flak that this action generates. In those cases where the males have pushed for the same kind of training, they have gotten it. Most of the responsibility for this training is carried at the team level.

Albany utilizes what they call Norms Training Workshops. They deal very explicitly with the stereotypes around minorities and females and do some breaking down of that stereotyping. They make use of the blacks and the women who are already in the plant to help in this training. One target here is unconscious discrimination.

Melinda raised an interesting point in connection with the hiring of blacks and females. She indicated that there could be a tendency in interviewers to interpret black aggressiveness or female aggressiveness as potential militancy and to shy away from people with those very same traits that we value highly in white males. This would result in hiring minorities and females who are not the cream of the crop from the standpoint of assertiveness, a quality that they have to develop to a very high degree if they are to compete effectively. Melinda recommended a book entitled, *For Whites Only* by Robert Terry, to provide some insights in this latter area. I've ordered a copy.

18 Unfiltered Feedback from Below



An important ingredient in the overall Albany design is the number of built-in mechanisms to make sure that people are heard. The individual team has at least one person who is responsible for sensing. In this performance area, the individual is responsible and accountable for dealing with personal and interpersonal problems that bear on the effectiveness of the team. That person can call on other resources to support him such as the module OD/ER person or one of the other managers.

Four hour "OD meetings" are held by each team on a monthly basis. These would be analogous to Baytown's team improvement meetings. My understanding is that each module has a sensing team primarily consisting of technicians who do some interviewing on a regular basis within the module. They attempt to manage and deal with the problems that they pick up at the lowest level but involve higher levels if necessary.

Albany has, on a couple of occasions, brought in an outside consultant to do some in-depth sensing throughout the plant and to report to management as to what they see. Dick Walton of Harvard did one of these studies last summer and a very condensed version of his findings is included as Attachment E.

19 Albany "Learning & Renewal" Processes



These are processes designed to anticipate and deal with competency concerns before they reflect in business outcomes. We had a long discussion with Ted Sivrais, the individual with plant-wide responsibility for technical training. Ted

had been a technician in at least one other P&G plant before coming to Albany as a manager. He commented on his experience with the Cheboygan plant. Cheboygan has the traditional organization with the traditional union "them-us" organization. They have not attempted the Albany concepts. He indicated that an important difference between Albany and Cheboygan was that if technicians had concerns in Albany, it really didn't affect productivity. There was a sufficient complement of sensing and correcting mechanisms for dealing with these concerns in a constructive manner so that it didn't get down to the point of interfering with their output. He indicated that this was in sharp contrast with his experience at Cheboygan where technician concern there almost invariably reflected directly in their productivity. He indicated that Albany was exceeding Cheboygan's productivity by 50% only after six to nine months of operation. The technology in the two plants is essentially the same.

20 Status of Albany's Progress Toward Its Ideal Design

- **Technician Career Planning** - Sixty to 70% of the technicians are currently doing the whole career-planning bit. This includes their setting short-term performance objectives for themselves and being evaluated by their team members. Only one of the modules started up using the career planning approach.
- **Self-Directing Teams** - All teams started up with one manager per team. This manager shifted with the team and it amounted to an average of one manager for ten technicians. Their target is one line manager per 20 technicians. They are currently close to that target with Pampers having one per 24, the Warehouse one per 15, Conversion one per 20, and Paper Making one per 15. Although they are very close to the manager-technician ratio that is called for in their design, they still have a way to go in terms of managerial roles. Herb thinks there is still too much supervisory and/or internal focus, and they want to move more and more in the direction of these people being externally focused, resulting in organization that is more responsive to change - more outward looking.
- **Affirmative Action** - On affirmative action in the technician area, they are on target in terms of numbers with 60% of their technician population being white, 40% being minority, and 20% being female. Incidentally, the basis for the 20% target for females was the percent of females in the country in industrial-type work as contrasted with 35% females in the total work force. This goal apparently was a corporate goal. The 40% minority goal was a goal that was higher than the corporation asked and is one that Albany chose for itself as a target. It constitutes the ratio of minorities in the six-county area around Albany. The rationale here is that it is easier to start with this number than it is to try to move toward it later. Albany is currently doing more than is required by the law with the hope being that this will keep them in a more defensible position in the future.

Although they are on target in terms of numbers of females and minorities, the females are currently about one pay grade different or about 30 to 40 cents an hour lower than white males with minorities being about 15 to 20 cents an hour below white males. Their target is to have a normal distribution of minorities and females by pay curves, and their objective is to achieve a 1/4-pay curve per year increase. Herb insists that they are not artificially accelerating advancement for females or blacks. He feels the best people are, in fact, being promoted. He feels that the mechanisms that they have set up for the development of all individuals is compensating for the cultural and skill disadvantages that the minorities and females might have on coming into the plant.

Albany's 1978 targets for managers are 20% minorities and 10% females. They currently have 17% minorities and 7% females. In addition to numbers and levels, Albany has goals and stewards against distributing minorities and females across all assignments in the plant with essentially no assignments that are exclusively male or female.

21 Turnover



Herb indicated that they experience one to one one-half percent/month turnover in the technician ranks so far. The biggest problem area has been with female technicians. The overall turnover says several things to Herb: Their selection process is perhaps not as effective as it could be. For instance, with the females, a big factor has been the cultural pressure within the community against women doing blue-collar work. Herb sees a part of the turnover as healthy in simply reflecting the fact that the kind of system that they are building is not a satisfying work environment for all people. Some people simply do not want to be in an environment with the kind of unique demands that are placed on them as a result of this organizational design. They would be much more comfortable in a highly structured situation with someone else worrying about what they should do.

WGV: ew
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