CHAPTER 13

Back to the Beginning

I never give them hell.
I just tell the truth and they think it's hell.

—Harry S Truman*

Eight years after I began the Mexican assignment, I was called home. I felt an unusual sadness. Getting the plant up and running, then losing the momentum, and then seeing it rise again like the mythical Phoenix was unique in my business experiences. I realized my sadness stemmed from being pulled away from the journey the Mexican plant was taking in building its reputation, its work culture, and its future. It was as if I had started out the skipper of a sailboat with a group of people I'd never met and who knew little about sailing. Together we learned to stay the course, navigate through dangerous shoals, sail through smooth waters, and weather small and gigantic storms. A new assignment in the United States made me feel as if I had

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been put ashore. I was happy to have my feet on solid ground again, but part of me still longed to sail with the crew and to see where the journey would take us.

While leaving Mexico at this juncture saddened me, I wasn't completely disappointed in my next assignment. In fact, I was excited about the prospect of coming home, of returning as plant manager of the factories where I had begun my career with the company as a sweeper more than 33 years before. Soon after returning home, I drove my wife around the plant in our car to show her the breadth of my new responsibility. "My God," was Gloria's reaction. She was stunned by the sheer size of the plant and the massive number of people who worked inside.

But more exciting to me than size and scope was that this plant was known by many as the company's crown jewel—the mother ship. It built the company's signature equipment, the equipment from which the company took its name. I knew the quality of the product that came out of the plant. "The best in the company," I thought to myself. "At least here we'll have a jump start on excellencia!" This quality helped generate a commanding lead in worldwide market share. "This is good. As markets mature here at home, we're making up the difference in Europe and Asia. This is good." I knew the managers at the plant. "Well-seasoned, most experienced, know the business, good team." The manufacturing processes in the plant had just been modernized. This too buoyed my spirits as I prepared for my return and to make an impact in my new position.

During my first days back at the plant, I expected to feel a sense of nostalgia, a homecoming of sorts. But instead things seemed somehow distorted or out of kilter. And as the days stretched into weeks, and my involvement as plant manager grew, I felt more and more like a stranger in a strange land. Nowhere did I see the calm respect of the Japanese or the strong sense of teamwork I had grown to love and admire in Mexico. Nowhere did I see the quiet progress of *kaizen* or the enthusiasm of excellencia. Instead, I saw managers and workers pushing for control and testing limits. I saw informers and scapegoats. I saw political-like favors being curried and granted. Intrigue, ambush, attack, retreat—this was the daily routine of the plant. In fact, so

much energy was expended in the power struggle that I often wondered how any work ever got done.

One day, I heard that Frank, one of my department managers, had given a strange order. Apparently, he had noticed a factory worker spending an extended period of time away from his workstation. He checked in the restroom and, with some effort, managed to look over a stall door. Inside, the worker sat reading a newspaper. As a result, Frank gave an order for all the building's restroom doors to be cut in half.

I called Frank into my office. "Is it true you've given an order to cut the restroom doors in half?"

"Crap, Jim, you know these slackers. We've got to watch them everywhere. I just made it a little easier to check up on them," Frank replied.

"Do you think cutting off the bathroom doors is an appropriate response?" I barked. "Do you think it's fair to make everyone pay for one guy's offense?"

"You're damn right," Frank answered. "People have gotten the message, and you don't see newspapers all over the floor anymore."

"Frank, I don't want you or anybody else checking on people when they're in the can. For Pete's sake, we've got to respect the privacy of our people. Replace the doors and do it now."

"Hell, Jim, they don't deserve privacy. Give 'em privacy and they'll sit around all day reading the newspaper."

I felt the veins in my neck throbbing. "Frank, are you going to put the doors back on, or am I?" I asked in a much louder and more authoritarian voice than I had used in a long time.

"I can't believe you're sticking up for those guys," Frank said.

"I'm not sticking up for anybody. It's about decency and privacy." My patience was wearing thin and my tone of voice reflected it. "Now what are you going to do about those doors?"

"All right, all right, I'll put the doors back up," Frank said. "But if we run into problems with slackers in the future, don't come crying to me."

The doors went back up. The ire that Frank's act had caused subsided temporarily. But the peace was shattered when a man

was found sleeping on a stool in the tool room, while his machine ran idly without turning out a piece of work. This time Frank ordered the removal of every stool in the tool room. He didn't care whether the stools were necessary for some of the employees to do their work or not. Sitting on a stool meant the opportunity to sleep—and Frank wanted none of that. Again, he punished everyone for the act of a single individual. Again, his solution generated anger and complaints from the workforce. Again, I intervened. The stools went back.

Skirmishes like these continued on a routine basis. Some workers wanted to do a good job, but knew their coworkers might threaten or embarrass them for doing so. Others had taken advantage of the company for years, doing as little as they could to get by. Managers and supervisors generally fell into one of two camps. One group walked a fine line between the workers they supervised and the management group that supervised them. Most had been burnt on both sides trying to do their jobs and were simply afraid to do much of anything extraordinary anymore. In the second group were the "bull of the woods" managers. They thrived on conflict in the plant, taking pleasure in stirring the pot and squaring off at one another. Once, I heard one of these managers say to another, "I didn't sleep too good last night, and I don't feel so great this morning. I'm going to go get my adrenaline up—I'm going to go find somebody to chew the hell out of to get my heart started."

All these experiences reminded me of my time in the plant some 30 years before. I remembered pushing my broom and listening to supervisors harass the workers. "You stupid SOB…what kind of a moron…your ass is outta here…." I remembered my excitement at running a machine beyond its listed capacity and receiving threats from my coworkers. "A man could get beaten up pretty bad if he's not careful…don't piss off the boys or you'll regret it…"

"But that was 30 years ago," I thought. "I've changed. Why haven't they?"

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After the restroom and tool-room incidents, I began applying rules consistently in the plant. I supported supervisors who were trying to do their jobs. Often, management gave in to the complaints of front-line workers without hearing the supervisor's side of the story. It wasn't that management believed the worker more than the supervisor—it was just more expedient to give in to the worker and avoid the whole grievance issue. So what if supervisors were made scapegoats? Someone had to take the heat, so it might as well be them. But this practice not only created an environment lacking in integrity, it also destroyed any semblance of discipline, policy, and purpose there might have been. I knew this automatic direction of blame toward line supervisors was not good for the company. Who would want to be a supervisor, knowing that when trouble came, you were always wrong? Who would want to follow the rules, knowing management would take the worker's side over yours any day? The habit bred fear and hatred. I did my best to stop it. Consistency in the application of policy and support of supervisors began to pay off. Politicking diminished. Backbiting and blaming began to be less harsh. I felt I was making progress in the plant.

After several successful months as plant manager, I attended a Plant Operations Council meeting, where all the managers, plant managers, and officers of the company gathered to discuss strategy and plans for the future. After dinner one evening during the week-long session, two other managers and I were playing cards with Roger, the chairman of the company.

"Get up for a minute, Jim, and come over here and talk to me," Roger said.

I was a little worried. Did I make some mistake in the game? I wondered as I followed Roger to an isolated area.

"If I submit your name to the board of directors to become an officer of the company, to become vice president of North American plants, would you accept?" Roger asked.

I about fell out of my skin. I was floored. Vice president of North American plants! The promotion was heady. Now I would have responsibility for all the plants in the United States, the plant in Canada, and the plant in Mexico. Now I would have the

position and authority to try some of the ideas I had discovered in Japan and Mexico. The opportunity was mind-boggling. "Of course," I stammered to Roger. "Of course."

I felt as if I were floating on air the rest of the evening. When I got home, I took Gloria downstairs to the bar for a glass of wine. "You know that trip Matt (a company vice president) and I are taking tomorrow?" I asked with a grin. "Well, there are going to be two vice presidents on that plane." I laughed out loud. Vice president! *This is better than a dream come true,* I thought, *because I never dreamed I'd make it this far*.

Soon after, I was officially elected vice president of North American plants. Ralph, the retiring vice president, began to break me in. He drove me from plant to plant, pointing out each facility's strengths and weaknesses. He explained which managers were worth their weight in gold and which constantly needed a "kick in the pants." I asked Ralph thousands of questions, ranging from the very high-level to the most mundane. One day, as we traveled to a plant south of headquarters, I asked, "When you go to these plants, where do you park?"

Ralph gave me a strange look. With steely eyes as cold as the iron that went into the company's product, he responded, "Anywhere I goddamn please."

I chuckled out loud so I wouldn't insult Ralph, but deep down I was knocked off balance by the answer. Somehow it conveyed the absolute power of my new position. This man Ralph could park anywhere, and no one would question him. No one in the company held a more supreme position over employees in North America than Ralph did. And soon, I realized, I would assume that power. The realization frightened me a bit. On one hand, I would have the power to make the workplace better. On the other, I stood the chance of acquiring Ralph's attitude of superiority toward the very people who made the position possible. I wondered how I could keep from going down that road. I wondered how I could adapt my power and position to create connections, not barriers, with the people I led.

I never had the opportunity to find out. Within a year, the company began to undertake a major restructuring project. The company's executives were faced with an ever-expanding business, one that was growing not only into new areas of the United

States and the world, but also into new areas of business. Financial services. Insurance. Logistics. Power generation. World trade. As the company grew, it became more and more difficult—and more and more time-consuming—to control operations from one central location. Why not, a strategic planning committee of company executives asked, create independent divisions, each with its own operations and financial responsibilities? Why not go back to the entrepreneurial style that made us successful in the past? Why not give the power to the people closest to the action, the people who know the ins and outs of their specific businesses, industries, competitors, and customers?

And so the giant company was reorganized into divisions. Some functions remained centralized, like human resources and public relations. But for the most part, the divisions were given their independence—and the responsibility to prove their worth financially. My position as vice president of North American plants was no longer needed. I was assigned to a staff vice president position at the company's headquarters, where I ostensibly provided manufacturing expertise to three of the plants I had led under my old position. But the shift was uneasy. I really had no authority—I was an adviser, a consultant. Drawing on my experiences in Mexico, I provided strong leadership in developing organizational lines of management for the plants. But creating organizational charts and assigning responsibilities wasn't an ongoing task, and it didn't take me long to complete. Soon, I found I had nothing to do, and I felt the old emotions of my first days in Japan resurfacing. Frustrated and annoyed, I went to my boss.

"Greg, we've completed the organizational work for the plants," I said, "but now it seems there's nothing left for me to do."

"Nothing to do?" Greg laughed. "C'mon, Jim, there's always plenty to do around here. You're just in a lull. Now get back to your office and see how you can help those plants."

"Maybe he's right," I thought. "After all, getting the right people in the right positions takes a lot of work. I'll give the plant managers a few more weeks and then see how I can help."

But in a few weeks, the plant managers still had no time or work for me. In the reverse situation, I wouldn't have had any

for them, either. I tried to amuse myself with minor paper pushing, but it didn't help. My entire career at the company had been spent where the action was, in the plants. There, deadlines were tight and accomplishments were clear. Product rolling out the door on time and within budget was a success. Anything less was failure. That I knew how to do. I knew how to succeed and how to motivate others. Most of my career had been spent managing people. No matter that the people had been different—the rough and tough Midwest factory workers, the quiet and respectful Japanese, the young and enthusiastic Mexicans. Part of the challenge, part of the fun, had been figuring out the right way to relate to each group.

In this staff job, I had none of those things. I had little, if any, opportunity to make things happen inside the plants. I had no people to supervise, to motivate, to challenge. And without them, my demeanor turned sour. I was sullen at work and harsh at home. I looked for signs I was being set up to be let go. I began to question my ability. I wondered how I had ever been so successful. I spoke sarcastically about being the "vice president of nothing" and called my secretary the "secretary of nothing."

As the restructuring of the company neared completion, my boss called me into his office. "Jim, it's time for a more permanent assignment. There are two alternatives. You can choose."

My stomach tightened. I was being demoted. I knew it. "What are they?" I asked flatly.

"Well, it's one of two facilities or businesses," Greg said. "You will be vice president in charge of one of the new strategic divisions." Then he identified the two alternatives. "Take some time and think about where you want to go."

I saw the writing on the wall. Instead of being in charge of all the plants in North America, I was being relegated to just one. The muscles on the back of my neck tensed. I was not going to be a willing participant in this conspiracy to spiral down my career. If my superiors wanted to demote or retire me, then by God, they were going to have to do it by themselves. "I think you should make that decision based on my skills and abilities," I told Greg. "I think you should know best where I ought to go. You decide and let me know."

"Are you sure?" Greg asked.

"Yep. You decide." My words dropped with a resounding thud. For the first time in as long as I could remember, I was walking away from a decision that directly affected me. Inwardly, I shuddered. "Who have I become?"

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Shortly after my conversation with Greg, I was named vice president and general manager of the company's Track-Type Tractors Division. I would be returning to the facility where I had begun my career as a sweeper, the facility I had returned to as plant manager just two years before. Suddenly, it didn't seem like a demotion. I was relieved with the assignment. At least I would be back in the plant, back to managing people and getting product out the door, the things I did best. Yes, the division had culture problems, but it also had the most modern and technologically advanced manufacturing processes, the highest quality products, and the most experienced management team. And now that it was an independent division, the facility also had its own profit-and-loss responsibility. "This is better than a functional responsibility for several plants without bottom-line responsibility," I thought. Now I would be able to implement some of the management techniques I'd learned over the years and show the company how profitably I could lead a division.

As I settled into my new position, my first order of business was to understand the new financial statements. Previously, this manufacturing entity had been like all other manufacturing plants, a cost center. I was anxious, but not because I was worried about the numbers. Instead, I couldn't wait to find out how much I could help improve the profitability of the division. How much more profit could the division squeeze out using the concepts I'd learned in Japan and executed in Mexico? Again, I recalled my early days as a supervisor. I remembered how I had inherited the worst-performing lines in the plant, but how together, under my leadership, they had become the most productive. My old dream of leading a team wearing matching shirts and dungarees drifted through my mind. "Finally, after all these years, it's going to happen," I told myself. I couldn't wait to get my hands on that P&L.

During this period of waiting, I reassessed the situation. The company as a whole was profitable; therefore, my new division had to be. In fact, when I considered the seasoned management capability, the state-of-the-art manufacturing technology recently implemented at a cost of several hundred million dollars, the division's reputation for quality, and its overall market performance, deep inside I thought the division might be among the top units in the company. And when I let myself dream a little, I even thought it might be the company's top performer.

Finally, the accounting people brought me the numbers. I studied them closely, looking carefully at each number and scrutinizing the bottom line. Something was terribly wrong. The numbers weren't good. In fact, they were awful. The business was bleeding red. "This can't be," I thought. "There has to be a mistake. How can we not be making money? Somebody messed up. Somebody double-counted costs or overlooked some buckets of profit."

I called the accounting people back into my office immediately. "There is something wrong with these financials. What I see is not possible. You guys missed something. Please go through them again and find the error."

The accountants were fairly certain the financials were correct, but my tone of voice left no room for argument. They left the office, saying they'd be happy to rerun the numbers.

The next day I received a new report. The numbers were exactly the same, so I requested a meeting with the division's business manager. Together we went over the figures carefully. I asked question after question and again requested the numbers be rechecked.

When the third report arrived, it was delivered by one of the younger accountants in the division. I knew from this alone that the news was bad. If there had been an error, if the financials had changed somehow, the business manager would have brought them himself. Indeed, there was little if any difference. The plant was losing money, significant money—tens of millions of dollars a year. Of this the accountants were sure.

"Damn," I thought. "No change. Deja vu. What are we going to do now?"

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Here I was full circle, back to where I began more than 30 years ago. Back home. And home was bleeding red. Although the division also made tractors in Brazil, Japan, and France, this was the major operation; here were the largest facilities and undoubtedly the source of the problem and the key to the answer. Knowing the truth kindled my doubts. "How could we ever profitably manufacture equipment here when we had some of the highest labor rates in the world? And what might our other problems be?" I thought. My American spirit and competitive juices were crying for answers. We had work to do. We had to find a way.