



ANGLE TAB VISIBLE-NAME FOLDERS

CAT. No. 50939

notwendige anweisung -

necessary information

Central unify's agent has that
rec. fn. System that
lets him do that, & hampers
him w. the least other
duties, is best.

E.g., as mkt. xmits info,
w/o owning or supervis'g agents
in mkt.

But Rickover is not merely persistent. He has a fatalistic view of life and the courage that arises from it. "A military organization is set up to do routine, not imaginative work," he says. "If anyone comes along with a new idea, the people in the organization naturally tend to make him conform. The first thing a man has to do is make up his mind that he is going to get his head chopped off ultimately. If he has that feeling, perhaps he can accomplish something."

Accordingly Rickover bypassed several echelons of superior officers and in 1947 went directly to the then Chief of Naval Operations, Admiral Chester W. Nimitz, with his plan for an atomic submarine. Nimitz quickly grasped its potentiality and recommended the project to the Secretary of the Navy. Presently Rickover became chief of a new section in the Bureau of Ships, the Nuclear Power Division.

To a man less jaundiced in his view of The System than Rickover, the appointment might have meant that he could go ahead and produce a nuclear submarine. But Rickover had been in the Navy and in Washington too long. He knew that it might be 15 years before the project could be completed within the organizational framework. He had to deal not only with powers, legions and dominions of administrators in the Navy but with other administrators in the Atomic Energy Commission, which controls all the nuclear fuel in the nation.

LIFE, late Aug 58

CONTINUED

Never 'til
NO

ANNOUNCING
QUIET-RITE

Now... for the first
found on standard

- **A standard, full-s**
- **An 88-character**
- **Swift, feather-lig**
- **MIRACLE TAB, Su**

Adm. org. of S. O.

Hidy, Ralph W. & M E.

Pioneering in Big Bus

Committees & a centralized
staff.

also attributes success to
own's pipelines, & effective
location, & reinvo

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Putting Incentive Pay to Work

Condensed from Time

AT FIRST it looked like a case of fabulous bonuses paid to evade taxes. A \$4100-a-year metallurgist got \$25,000 extra; an \$8000-a-year superintendent, \$50,000. All told, the Lincoln Electric Company of Cleveland passed out more than \$2,000,000 in bonuses last year—about 80 percent of net profits.

But when the House Naval Affairs Committee got the whole story of the company's bonus system, it looked like something else again. It was, in fact, the story of an eight-year-old wage and production policy established by an electrical engineer with a mania for incentive pay. James Finney Lincoln, the country's biggest maker of electrodes and welding equipment, now almost 100 percent on war work, holds that the labor cost of any product can be "reduced to zero" by inciting workers to make continuous improvements in production methods and design. Since 1934, when Lincoln put his theory into practice, it has surpassed even his own wildest dreams.

With sales increasing sixfold and profits doubling, Mr. Lincoln kept raising incentive bonus payments—and kept reducing costs and selling prices. The bonus system is worked in conjunction with low base pay to permit the company—in Lincoln's words—to "skate through a tough

period without going broke." In the last decade, productivity per man has quadrupled. And a welding electrode that sold for 16 cents a pound in 1929 now sells for 4.8 cents.

Ninety percent of the whopping bonuses go to the men at the machines. The average worker's yearly recompense has risen from \$1996 to \$4879 in the past 10 years. As for the 1941 bonuses, they went to reward the following kinds of value received:

The metallurgist developed a new welding electrode that cut production costs 20 percent, discovered a way to weld armor plate that saves 20 percent on nickel and chrome.

The superintendent developed new methods that cut direct labor costs 10 percent, effecting a \$750,000 annual saving despite pay increases of 10 percent.

When the House Committee's counsel contended that the bonuses, plus a million-dollar trust fund established to retire extra wartime workers, had milked the government of over \$4,000,000 in taxes from 1939 to 1941, Mr. Lincoln replied: Had his incentive pay not developed new short cuts, the electrodes and welding equipment he had sold the government would have cost the U. S. \$35,000,000 more than it did.

Mr. Lincoln had put the profit motive to work. It was as simple as that.

the bell removed. In a rickety army wagon it began its wild flight over wretched roads and hills. The wagon broke down and the sacred bell had a bad fall. At last it was smuggled to safety in Allentown and secretly buried under the floor of the Zion Reformed Church. Independence Hall was made a prison for patriots, and had the bell remained there it might have been melted into a gun to be turned against American soldiers.

It was back in place to clang joy over the surrender of Cornwallis and from then on it was not long still. It rang, muffled, for the death of Washington. It bellowed forth the election of Jefferson. It mourned the death of Hamilton and of Lafayette. On July 4, 1826, it pealed forth the fiftieth anniversary of the Declaration of Independence.

Then in 1835, on July 8, the anniversary of the day when it had first proclaimed liberty, as the bell

tolled the death of Chief Justice John Marshall, suddenly it cracked — never to be heard again.

And never again to be silent. For it is the incarnation of our democracy. It has traveled more than 20,000 miles on exhibition. Little towns through which it passed in the night lit bonfires along the railroad track so that people might get a glimpse as it rolled slowly by.

For the Liberty Bell is almost a person, an immortal hero that was born in our greatest hour, lived through our glorious youth, retreated, advanced, sang, shouted, fought and fell, in the line of duty, silent after 83 years of glory.

The Liberty Bell is an American. A great American like Washington, Jefferson, Lincoln. A plain American like any of us or all of us. It is the one bell in the world in whose presence every man takes off his hat. It is the bell for which all the world is listening now.



Amiable

Anarchist

☛ A CLERK at Kelly Field, Texas, was helping an old Negro to fill out application papers for a Civil Service janitor job. The clerk would read off the questions and write down the answers.

"Do you belong," asked the clerk, "to the Nazi Bund, or any political party that plans to overthrow the government?"

"Yas'm," said the Negro.

"Which one?" asked the clerk, taken aback by the applicant's placid candor.

"The Republican," was the earnest reply.

— Contributed by Patricia De Laney

Standard Oil of NJ is decentralized, in a sense. It is a holding co. For the ~~xxxx~~ held co.s, it makes general marketing procedures. -- i.e. it determines how much they shall buy & sell. They carry it out.

op < hldg

"Decentralization" also means simply that central management evaluates the work of subordinates in more general terms, they are given more authority over details. Holding co. just gives close attn. to top mgrl personnel.

Grattan's article is vague, but filled with talk of properly balancing supply & demand etc, sounds suspiciously mmpstic. So many people who would shudder at the word monopoly mouth the euphemisms uncritically.

Fuels

'49, Jersey Standard supplied 14% petrol products sold in U.S., 17% over whole world.

'49, 6 of biggest 10 U.S. mfr co.s were oil co.s; 10 of largest 25. i.e., oil co.s are big. I say ownership of stock resource probly a major cause -- it calls for owning large areas of land with unknown potentialities, to reduce risk that would come from having small oil holdings. & hence can finance easier when units are bigger, hence holding co.s. Which is also suggestion that more investors prefer less risky investments.

'49, (Dec. 31), "Total assets less current liabilities" was \$3.4b; but "net worth" was 1.1\$b. p. 93

op < hldg

Directors are mostly men who came up thru ranks of held co.s (affiliates) Collectively, mgrs own .0008 of stock. Are 215,000 stockholders. Socony-Vacuum, contrast, has some "outside" directors representinn stockholder groups.

Bit.

--C. Hartley Grattan, "Big Business Mgr: Eugene Holman", Harpers, June '51