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GOOD-WILL, THE BEST BUSINESS ASSET: HOW SECURE IT?

by
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When you deal with good-will you deal with imponderables. As a group you deal with things which are counted and weighed, with definite things, with mechanical forces that you understand. But when you come to talk about good-will people in your particular world only admit it with a certain reservation.

Yet I believe that the time will come in our industries when we will admit that good-will is the thing which tips the scale and that any undertaking which does not give full value to good-will is bound in time to fail; that it is in the long run the deciding factor.

Here is a little experience told by one of our prominent efficiency engineers. It is a story that dates back to 1914 and the beginning of the war. You all know Mr. Gantt, a very great engineer, and a man of prophetic insight. A half dozen engineers were in a room in October, 1914, talking about the war. "It is all so simple," Mr. Gantt said; "there can only one thing happen, and that is that Germany will march directly into Paris. Germany is the great efficient nation, the only nation that is scientifically prepared. To deny her victory is to deny our whole science."

The friend who told me this story met Mr. Gantt two years afterward. "What do you think now?" For the first time in my life," Gantt replied, "I have begun to understand something about the moral forces which make that thing which we call good-will. I have concluded that they are the most powerful thing in the world; stronger than science, stronger than efficiency."

Of course, there is not any question that in a variety of business your one big asset is good-will. The only asset of a magazine is good-will; you only build up a magazine, no matter how much money you may have behind you, as you can convince people that it is something they want. It is only as you get the good-will of a great mass of people that you get your magazine on a solid basis. Your problem is to make friends.

Try to sell a magazine. People ask you what your assets are. A man of money wants a list of the tangibles. They do not amount to \$2,000 and you want \$100,000 for the magazine. That gentleman can not see it. He deals only in tangibles. Fortunately there are people who will understand.

What makes good-will? It is based primarily on confidence, confidence, in the case of a magazine, that it will prove to be what you think it will.

Confidence is the backbone of credit. Some of you remember an extraordinary investigation that was held in Washington a few years ago, the money trust investigation. One great feat of the money trust investigators was getting the late Pierpont Morgan on the stand. One thing they asked Mr. Morgan was why he

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backed certain individuals. "Well," he said, "I back them because I have confidence in them. The basis of credit is confidence." "Do you mean to say that you would lend money to a man who could not show you a bank account, or buildings, or railroads, tangibles, because of confidence?" "I have often done it," said Mr. Morgan.

I have recently been going over the life of Abraham Lincoln and I have been very much interested in noting the confidence that Lincoln as a young man inspired in the people around him; very poor, and yet in the town where he was living a man turned over half an interest in his store and took Lincoln's word in exchange. But confidence requires association. Mr. Morgan did not go down the street, look at a man, and say, "I will lend him money." Mr. Morgan needed to be next to him before confidence arose.

Abraham Lincoln did not walk into the town of Salem and have \$200.00 put into his hands because he asked for it. He got it because the men had been associated with him long enough to know that he could be trusted.

What has all this to do with industrial relations, personnel relations? Plenty of business men will tell you, nothing, that while good-will is essential in selling things it is not in making things; there is no other necessary appeal than the economic. Is it all that is necessary? What are some of the problems of industry? There is the problem of keeping people on the job, reducing labor turnover; the problem also of keeping people interested so that they will do a full day's work and turn out a good quality of work; also the problem of keeping people out of the current of unrest that sweeps periodically all through industry.

There are people who believe that this is all a question of the wages you pay them. There are plenty of laborers themselves who say so. Does it work out? I had a talk with one of the Ford men not long ago. Ford started his experiments, you know, because of his discovery of the great fact of labor turnover. The whole Ford system grew out of an effort to reduce turnover. Well, they pay high wages, give admirable conditions, good hours, one of the best training systems in the country, an open road for men; but have they reduced their turnover to nil? Not at all. Mr. Ford said not long ago that he did not believe it was possible to build up a permanent set of workmen in America. I think Mr. Ford is wrong. There is something still lacking in his management, and that is getting at a man in such a way that he learns confidence. In our present mechanistic system of organization you cannot do it. The present system is most unscientific because it overlooks the nature of man.

Man, no matter how common he is, is a queer bundle of contradictory things. He has need of certain things. It is absolutely necessary to tie him to an organization that he shall feel he is needed in that organization. I sometimes am almost inclined to test an industrial organization by the degree to which the management makes the workers feel that they are needed. Sometimes I feel the aim is to make workers feel that they are not needed.

To my mind one of the most cruel things in this mechanistic, impersonal industrial organization of ours is that the work, so far as the worker is concerned, seems to have no meaning at all. He is put on a job and he does not see the relation to the rest of the processes.

I talked once to a little girl in a big plant, a very extraordinary plant, admirable in many ways in its personnel relations. She was making something small and fine, a little steel wheel of interesting pattern, and the machine she ran was a marvel. I stopped and asked her about it. She said that she did not know what the machine was called. I asked her where the piece went; she did not know. She had been there five years. "You know," she said, "I have often thought I would like to know something about my work, but everybody is so busy here that nobody has time to tell me."

Now that is the actual condition for hundreds of thousands of our workers. It is an unscientific practice, contrary to the nature of the material you are handling. When you handle electricity you know what you can and cannot do with it safely. Human beings we handle without regard to their properties, without regard to their natures.

A few months ago I was talking something of this sort in a town up in the Northwest where I had been looking at some factories; and a nice-looking man said: "Lady, you are dead right about interesting people in the work they are doing. When I started out in a factory in this state, they put me down at a machine to make a good-sized wheel, but never told me its use. One day just by chance I got into the assembly room of that factory and I saw my own wheel. It was like a reformation for me. I went back to my machine, and you have no idea of the care I took, the interest I took. And moreover," he said, "it set my wits to work; I begin to think how I could improve this thing I was working on. I worked up a little scheme and had it patented. Now," he added. "I own my printing plant and do pretty nearly all the printing in this town."

One dreadful feature of mechanistic management is that in the very nature of the case we lose so much potential power. You do not know what is in these people that you treat worse than you treat your physical forces. They may be the great inventors of the future. I believe we have kept ourselves back enormously by our stupid method of disregarding the nature of the human thing which we handle.

Men require a chance to state their case, air their grievances, real or imagined. Here is what may happen when it is not provided. A man in a great factory thought he had a draft on his shoulder. He went to his foreman. Now this was one of those delectable plants where there is no way to get by the foreman. You know what those foremen usually are; they are a difficult class to educate. For them their business is to bully and browbeat. They do not wheedle much because the last thing they would have workers think is that they are necessary. This particular foreman said, "If you don't stop fussing, I will get somebody else." The man went back and told the man next to him, and he told the man next to him. It went around the shop of between 500 and 1,000 men. They talked about it for two or three weeks, and then just at the proper moment there came along one of those gentlemen whose business in the industrial world is to organize trouble. He had that shop out on strike within ten days.

This story came to me from the man at the top, who prided himself on paying the highest wages, giving the best hours, and having proper conditions. Why should he who did these things have a strike? He made up his mind to find out just how the strike happened; he got it down to Joe and his draft. He put in an entirely new organization in his factory, where any man at any time could make a complaint and it would be heard. "In time I hope to build up confidence,"

he told me, "and then I will have the good-will which will turn the trick. I am done with mechanistic management; there is something else in running a factory beyond high wages and good conditions."

The way that different firms handled the unemployment problem in 1920 shows, I think, admirably how good-will is made, and also how its opposite, ill-will, is made. In the fall of 1920 the men in a chemical plant with which I am familiar received in their Saturday pay envelopes a little slip saying that the factory was to shut down at once. They were cut off, men with families. But consider the mental attitude towards industry of these men. What would be your attitude if when you went out of here your employers handed you a slip of paper that showed you all your income was cut off? Does that build up good-will in men? Most of those men probably walked the streets for months. What is their attitude towards institutions in this country? Do you wonder men are Bolsheviks? You cannot get that thing that tips the scale, good-will.

That fall later I was up in Milwaukee, and I saw the handling of the unemployment problem in one of the Harvester Company factories. This company has had in operation for several years an excellent form of shop council. Its operations have won the confidence of the body of workers, union and non-union. When the depression approached, the management put the situation before the councils. They were kept informed, and no steps were taken in reducing the force or the hours until the men understood the necessity.

Think of the attitude of mind of those people towards that factory with that kind of treatment! They had been partners, had helped handle the problem. Do you suppose men handled that way are going to leave their jobs? No, they are part of the thing. Do you suppose they are going to listen to an agitator quickly? Do you think that men with a place in an industrial organization are not going to look out for quantity and quality?

The way to get good-will is by man-to-man association, that only produces confidence, that touches all these springs of action in a human being, takes into consideration the nature of this curious creature, man, gives him an outlet, does not suppress him. In our present economic organization there is tremendous suppression. I do not wonder that there are terrible outbursts now and then.

No, we must have an organization of industry which brings everybody into personal association; you get confidence, good-will, and you overcome, to the extent they can be overcome, your problem of labor turnover, your problem of quantity and quality, your problem of unrest.

Primarily the thing that tips the balance in these problems is the amount of good-will that you have secured. Beware of attempting to build up good-will purely because it is a good business asset. Sooner or later this thing of doing a right thing because it is a good business asset has a throw-back. You must do it because it is right and decent, and because you believe that it is part of your problem.

Try to work it out in a mechanistic way - and you will fail. You cannot fool the body of labor, in the first place. They will know whether you mean this thing, whether you want it because it is right and decent.

Anything eventually is going to fail that is not shot all through with the moral forces. If you try to run your life, socially, politically, industrially,

without always considering these moral qualities, it will break down sooner or later.

Question. Don't you think in the Harvester Company there is some difficulty in getting these men really represented?

Answer. Of course, it depends upon the man who is selected as a representative. In two plants of the Harvester Company where I talked a good deal with the men - they do not allow visitors in the meetings themselves, and I think they are entirely right - they have a pretty high order of workers, and they have elected the best men. They elect the stable men. They get men who stand up to the management.

They had great difficulty in getting the women who were elected to take any part. They were trying to educate the women to take part. It is a process of education. You have got to build up a thing of that kind. It is an entire change of attitude of mind.

I am not a believer in imitative industrial organization or experiment. I believe every factory is a different thing from every other. The kind of organization that would be very successful in one must be adapted or will not succeed at all in another.

Question. What about the minimum wage question?

Answer. I think the Supreme Court has made a mistake myself. I think that its argument will not stand in the long run. I think that the country is going to look at the thing differently. Of course, it contributes to ill will and suspicion of the Court.

Question. Do you believe that closer industrial relations between employer and employee will ever do away with the dissatisfaction with wage scales?

Answer. I hope that eventually we are going to get to the point where what a man gets is what he earns. I do not think we have got our scale of relative values. I think I sense a growing distaste in this country for not earning what you get. You have got to build up in people that feeling of self-respect, that it violates your self-respect to get what you have not earned, of thinking more of the service rendered than you do of the thing received. I do not believe that the strongest thing in the world is the economic consideration; I believe that the strong thing in the world is moral force. The deciding thing, the thing that tips the scale in the end, is the moral force.

I saw a bright-faced girl working like mad at a machine in a laundry one day, and singing to herself. I said, "Well, you have got one happy girl there." The woman who directed the social service work there said, "Yes, and I find it is such simple things that make people happy. That girl used to be a poor worker; she used to be morose, and we used to think we would have to let her go. I knew that somewhere there was something that girl wanted and did not see a way to get, and this is what it was, such a simple thing, yet it shows just how men and women are made." After a long time this social service worker got the confidence of that girl, and this is what she found. The girl was one of a big family. She turned all her wages into the big family, but she never had any privacy at home, and the one thing in the world that girl wanted was a room to herself, and so, my wise friend said, "I got acquainted with the mother, and I got acquainted with the children, and I studied the household, and finally, by a great deal of diplomacy and effort I got this little girl a room to herself, and now she has it and she is the happiest and most efficient worker we have in this laundry."

Thus you have a science which in its effort to develop people will find everything and anything that refers to this worker of which it wants to make a better man or woman. Now you tell me that is paternalism. Well, I don't care what you call it. I don't care what anybody calls anything, if it serves humanity. I don't care what it is called if it is developing men and women. I call it just good common-sense, myself, and an application of what efficiency really means, and an application which we have got to have if we are ever going to have this science in its fullness in our industrial life.

Efficiency cannot go down, because it is a system of developing men. It is a system of teaching men and women to live together, in their great activities and operations, in peace, and is there anything so important in this country?

There is only one great question before the world today for men and women. It is that terrific question, have we in operation in our civilization principles which, finally worked out, are going to put an end to such horrors as the world is now seeing? Must we forever have a world which periodically has got to suffer these convulsions? Is that not unthinkable to intelligence? Is that not unthinkable to those that believe in self control? Is not that unthinkable to those who have hope, or those who believe in the religion that governs us? Must we consent to such a world as that, and how are we ever going to stop it if we cannot learn to live in peace at home?

Just so long as in what we call our peaceful pursuits we must settle questions of common justice by war, just so long as in our peaceful pursuits one body fights the hopes and aspirations of another, can you expect that we will not have international wars? What makes them? It is the greed and bitterness and lack of self control in the individual bodies and the individual nations; and a nation is made up of its citizens, and if its citizens have not learned to live in peace among themselves, they cannot be expected to live in peace with other nations.

The question of war comes right home to you and me, for we are the people, and we make the temper of the people, and until we have learned to do justice, to develop men, as I believe the science of management does develop men, until we have learned to develop men we can never hope to put an end to wars.

Thank you.