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INDUSTRIAL RELATIONS CONFERENCE
HOTEL MORAINE, HIGHLAND PARK, ILLINOIS
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NOTES BY C. B. BURNETT

TOPIC: HOW CAN THE INSTALLATION AND CHANGES IN JOB EVALUATION AND PRODUCTION STANDARDS BE BEST HANDLED TO ASSURE EMPLOYEE ACCEPTANCE?

There are four parts to this topic:

I. Installation of Job Evaluation to Assure Employee Acceptance.

II. Changes in Job Evaluation to Assure Employee Acceptance.

III. Installation of Production Standards to Assure Employee Acceptance.

IV. Changes in Production Standards to Assure Employee Acceptance.

I. INSTALLATION OF JOB EVALUATION TO ASSURE EMPLOYEE ACCEPTANCE

A. The regular J-M Job Evaluation Plan, developed in 1939, is now in use at 15 locations:

Alexandria, Billerica, Jarratt, Manville, Marrero, Munro, Nashua, Natchez, New Brunswick, Richmond, Tilton, Toronto, Van Cleef, Waukegan and Zelienople.

B. A plan very similar to the regular J-M Plan is in use at 5 locations -- all West Coast plants:

Lompoc, Los Angeles, Pittsburg, Redwood City and Watson.

C. A study is underway at Jeffrey Mine to adopt the regular J-M Plan. This work is about two-thirds complete.

D. There is no plan in effect at Fort Worth.

E. A procedure to insure employee acceptance of job evaluation has been established based on actual experience in putting into effect job evaluation at J-M locations. This procedure is as follows:

1. Decision by the Plant, Division and General Headquarters Industrial Relations that a job evaluation program should be carried out at a particular plant.

2. Assignment of an engineer from either General Standards Engineering or Division Headquarters to assist in the program.

3. Procedure:

a. The engineer assigned will review the plan with the local Plant Manager and staff, and the program to be followed will be developed. At this time arrangements should be made for the Industrial Relations Department to start on an area survey of rates in the community.

b. Meetings will be held with the supervisors to fully acquaint them with job evaluation and to enlist their cooperation in the program.

c. A meeting will be held with the union officers to acquaint them with the job evaluation plan, the purpose of job evaluation, and the program which is to be carried out.

d. At this point, depending on local conditions, it may be advisable, particularly if the union so desires, to have the union appoint a committee of 2 or 3 representatives who will be given a brief training (appreciation course of about 10 hours) in job evaluation. As deemed advisable by management, this committee can from time to time be brought into discussions on key jobs and acquainted with the job evaluation program as it progresses.

e. A job evaluation committee will be selected by the Plant Manager to evaluate representative key jobs. The committee usually consists of Industrial Relations Manager, Industrial Engineering Manager, Shop Superintendents, and Industrial Engineer (assigned as job evaluation specialist).

f. When the key jobs are completed and agreed upon by the committee, the Industrial Engineer will prepare job descriptions in cooperation with the supervisors and will evaluate all of the other jobs in the plant using the key jobs as a yardstick.

g. The completed evaluation of all jobs will be reviewed and approved by the Job Evaluation Committee.

h. An Area Wage Curve will be drawn, based on the Community Wage Survey, by the Industrial Relations Department. From this Area Wage Curve, a plant wage curve will be developed. The job evaluation point ratings for each job are applied to the plant wage curve and the proper job rates are determined. All existing rates below the curve are brought up to the curve and those above are frozen. No existing rates are reduced.

i. A complete report will be prepared giving the old and new rates, the number of employees affected, and the cost of the proposed job evaluation installation. After approval by the Plant Manager, copies of the report will be sent to Division Headquarters and General Headquarters Industrial Relations for review and decision on the action to be taken.

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j. When General Headquarters approval is given for the complete job evaluation package, meetings will be held with the union officers and committee. These meetings will cover the following:

j-1. Review of the job descriptions and the point ratings assigned.

j-2. Review of the plant wage curve and the manner in which the job rates are determined from the point ratings.

j-3. Point out the improved relationship between jobs and the more equitable rate structure which results from job evaluation.

j-4. Discuss and investigate all questions raised and try to resolve any points of disagreement.

j-5. Explain the manner in which the job evaluation plan will be administered and maintained.

j-6. Explain that after job evaluation is placed in effect, any subsequent changes in job rates will be reviewed with the union as provided in the contract.

II. CHANGES IN JOB EVALUATION TO ASSURE EMPLOYEE ACCEPTANCE

A. Production operations are dedicated to a life of change. With changes in production operations, there will be changes in job rates.

B. To assure employee acceptance, plant management must be on its toes to make changes promptly. Don't wait for the union or employee to suggest the change.

C. Where there is a change:

1. Prepare revised job description.

2. Revaluate the job following the plan in use at your location.

3. Advise employees affected of the new rate. Include the union.

4. If new rate is higher, make it effective for all employees working on the job.

5. If new rate is lower, permit present employees to continue at old rate - new employees at new rate. A review by plants of the necessity of following this policy indicated that it would be necessary to do it at 7 locations, namely:

Manville, Watson, Jarratt,
Marrero, Natchez, Toronto and Jeffrey

But not at 9 other locations, namely:

Waukegan, Zelienople, Richmond, Alexandria, Nashua and Billerica, Pittsburg, Van Cleef, Tilton and New Brunswick

6. At those locations where old employees remain at the old rate, record old employees at old rate and take steps to remove these employees to a job carrying a higher rate.

Further Remarks With Regard To The J-M Job Evaluation Plan

1. The Job Evaluation Plan has been in use for many years.

2. It is well accepted.

3. The plan has been recently reviewed by outside consultants and considered satisfactory.

4. There is indication that at some locations rates of E & R workers are low.

   a. This is due in part to previous increases in cents per hour, not percentage. The lower end of the curve has been raised out of proportion to the top.

   b. Other community companies have given special consideration to E & R employees. Generally our E & R employees have not been given special consideration.

   c. At some locations, there are indications that the area rates for the E & R craft jobs due to the local conditions of supply and demand, have moved up faster than the J-M rates. In line with the company policy of paying the going rates in the community, it may become necessary in order to retain an adequate E & R force, to develop a separate wage level for the E & R craft jobs. In making the area survey and developing the necessary data, the assistance of DHQ or General Standards Engineering can be obtained.

      c-1. A very careful area survey should be made covering comparable E & R jobs in the community. This should be done by personal visits by a Job Evaluation Engineer who knows the requirements of the craft jobs to be sure that the relationship of the area jobs to the comparable J-M jobs is definitely established.

      c-2. A re-evaluation of all of the E & R jobs in the plant should be made to determine if the job content or conditions have changed to an extent which would warrant increases in the rates. Do not destroy point relationship by attempting to change point value of E & R jobs.

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c-3. If the area survey shows definitely that the J-M rates are below the area and the re-evaluation of the jobs has shown that no increases are warranted, it may become necessary as a last resort to develop a separate wage level for the E & R jobs. This may be determined on the basis of a fixed percentage above the regular plant wage curve or by an additional amount added to the job rates in cents per hour.

c-4. Any proposed changes in the E & R wage level should be handled according to the regular company policy on changes in wage levels and the plant should submit recommendations through the regular approval channels.

III. INSTALLATION OF PRODUCTION STANDARDS TO ASSURE EMPLOYEE ACCEPTANCE

A. Wage incentives are used at all plants, other than Redwood City, Tilton and Fort Worth.

B. Proper installation of production standards is a prime requisite of the wage incentive plan.

C. Local plant management has developed a satisfactory technique and plan for incentive installation. This plan is to be followed in a new installation in a plant or department, where wage incentives are now used:

1. Survey by Industrial Engineering Department to determine if operation should be included in the wage incentive plan for the plant. Determine benefits to employees and company. Determine the practicability of a wage incentive plan. Seek Division Headquarters' or General Headquarters' help to properly conclude this.

2. Submit plan for wage incentives to plant management with supporting sample.

3. If approved, notify union and employees of the proposed installation.

4. If supervisors are not familiar with the Wage Incentive Plan, set up training course to understand Wage Incentive Plan policy, time and motion study, and job evaluation techniques.

5. Establish production standards.

6. Make test of standards under actual conditions.

7. Review standards with superintendent and manager.

8. Approval of standards by plant manager, Industrial Engineering Manager, Department Superintendent, and Industrial Relations Manager.

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9. Explain standards to union and employees.

10. Make standards effective.

11. Carefully check on standards.

12. Help employees understand methods to be used so standards can be met.

13. Don't leave the installation until operators are making acceptable premium.

IV. CHANGES IN PRODUCTION STANDARDS TO ASSURE EMPLOYEE ACCEPTANCE

A. All our labor contracts, except Redwood City and Fort Worth, contain clauses specifying when standards may be changed. Generally contracts read -- significant change in methods, materials, or equipment (or conditions).

B. When changes occur in operations, it is necessary to correct standards:

1. To eliminate excess cost to company or to pay the correct amount for work performed.

2. To eliminate inequities in standard.

C. There is a need to better understand changes. This applies to the manager, superintendent, Industrial Relations, Industrial Engineering, employees and the union. This means an educational program.

D. A change is anything other than the amount of skill and effort put forth by an operator, which causes the rate of production to change.

E. Changes need to be significant. Present policy is 3%.

F. Example of changes:

1. Changes which affect standards consists of many types. Not only methods changes are involved. Changes in layout, equipment, machine speeds, manufacturing specifications, raw materials characteristics, finished product specifications, servicing of operations, frequency of elements, and working conditions may have equally important effect on accuracy of standards.

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Each of the following examples of changes requires a restudy of operation and entails a change of standards:

Type of Change	Description of Change	Effect on Standard
Method	Make one cut with a composite tool instead of several separate cuts with other tools on a lathe.	Method is different and machine time is reduced.
Frequency	Gauge 1 piece in 10 instead of gauging each piece.	The time allowed per piece for gauging is reduced to 1/10 of former time.
Layout	An addition is built to a product-storage warehouse.	Shipping standards are increased proportionately to increased trucking distance.
Equipment	Hand wire tier is replaced by a semi-automatic tieing machine.	Complete revision of standard is needed.
Machine Speed	The rate of manufacture of a product is increased from 75 to 90 pieces per minute.	Allowance in standard for paced rating during forming time is reduced or eliminated.
Manufacturing Specifications	Machine broken pipe to true random length instead of to 6" interval lengths plus a definite tolerance.	Reduction in carefulness of measurements is reflected by a minor change in standard.
Material	Source of raw material in process formula is changed.	Filtering time is restudied to see if it is affected.
Working Condition	Fibre is packed in 100# paper instead of jute bags.	10% allowance in shipping and receiving standards for use of respirator because of dust is eliminated.

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G. There is an urgent need for prompt reporting of changes and prompt correction of affected standards.

1. If we never made an operational change which affected a standard, there would be no problem. If changes were always reported immediately and corrected promptly, there would be but little difficulty. To the extent that a change remains in effect without correction of the standard — to the extent that we delay corrective action, the harder the correction becomes and the more likely an industrial relations difficulty becomes.

2. When the change causes the standard to become tight, the problem of correction is not too difficult.

   a. Of course, we need to be sure that the people are informed, that the amount of the adjustment is correct, and that the correction is promptly and properly made.

   b. If Management overlooks the change, the employees affected or the union will complain that the standard is wrong. However, it makes for far better Industrial Relations to prevent grievances, rather than to try to settle them.

3. When the change causes the standard to become loose, the problem of correction is much more difficult.

   a. It is human nature to resist changes and to postpone action on them. Extra work is needed. Hard-to-make decisions may be required.

   b. The operators welcome the extra money the loose standard allows them to earn; they become accustomed to the higher earnings. To operators assigned to the job after the change, the incorrect standard seems to be the proper one for the job.

   c. The change becomes part of the routine. The need to correct the standard is forgotten. The opportunity to correct the standard <u>without reducing the earnings of the worker</u> is lost. When deferred corrections are attempted, grievances and union difficulty are almost certain. Human relations are especially difficult when the worker's pay is reduced or when his work load is increased to earn equivalent pay.

4. Local Management is responsible for the equity of labor standards. It must set up to report changes and correct standards when necessary.

   a. If the Foreman or the worker initiates a change, the Foreman must report it.

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b. If the Production Superintendent makes a change, or authorizes the Foreman to do so, he must report it.

c. If Management makes the change, through the medium of plant experiments, product proposals, methods and layout improvements, product specification changes, or appropriations, everyone, especially Industrial Engineering, must consider the effect of changes on the standards.

H. Plant Managers and their staffs have definite responsibilities relative to the maintenance of incentive standards.

1. Plant Managers

a. Keep generally informed as to status of local Wage Incentive program including adherence to established policy, use of proper Time Study practices, and accuracy and up-to-dateness of standards.

b. Back up the program on all occasions in order to insure its proper understanding and usage in the various departments and to gain maximum benefit from its use.

c. Carefully review the requirements and provisions of standards submitted for approval (at least on the important applications and changes).

d. Act as final local mediator on the administration of incentives when differences of opinion between staff members arise and when employee grievances occur.

2. Production Supervisors

a. Keep informed of Wage Incentive Policies, Time Study practices, and standards.

b. See that employees understand such matters.

c. Enforce use of standard methods and maintenance of quality levels.

d. See that Production Checkers are provided and guided and that reporting is correct.

e. Advise Industrial Engineering of changes, whether large or small, whether company or employee-initiated.

3. Industrial Engineering

a. Watch for effect that experiments, product proposals, methods improvements, and appropriations may have upon standards.

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b. Keep familiar with operating conditions and changes in production departments.

c. Instruct, advise, and audit Production Checkers.

d. Make regular audits of standards.

e. Correct the standards promptly when changes are reported or found.

4. Industrial Relations

a. Keep familiar with circumstances surrounding changes for which standards are to be corrected.

b. Make assessments of personnel or union problems involved.

c. Advise as to timing and method of handling corrections.

d. Deal with personnel and union problems incidental to such corrections.

I. We have seen how changes in production standards for wage incentive purposes are a continuing threat both to successful operation of the Wage Incentive Program and to successful relationships in the plant.

Changes in standards which permit the employee to increase his earnings may be well received. But the necessity of changing standards, merely because the standards were incorrectly set on the tight side, leads to the suspicion on the part of the union and employees that standards are always set tight to get the most work possible for the least pay.

Conversely, standards incorrectly set on the loose side cannot be corrected merely because of looseness without exposing the company to charges of rate cutting and without jeopardizing the entire Industrial Relations activity. If loose standards are not corrected, inequitable earnings result, which, in the long run, could wreck the Incentive Program.

The need to set standards accurately is obvious. It is the key to securing employee acceptance of wage incentives. The need to correct standards promptly for changes which warrant so doing is also obvious. The problems involved in making corrections promptly for changes may be difficult, but deferred corrections are much more so. This hurdle must also be surmounted if Johns-Manville is to remain a good place to work.

J. Changes in standards need to be made for several different reasons. Following is a classification of changes by reason and steps to be taken for correction of standards:

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1. Loose Standards - due to changes in method made by the Company.

   a. A complete study should be made by Industrial Engineering to determine the methods change which has taken place, the correction in standards required and all of the facts in the case.

   b. This information will be carefully reviewed by the local plant management to determine the best method of handling the case.

   c. If the timing seems to be right and conditions are favorable for having a correction accepted, the whole case will be presented and explained to the employees affected and the union representatives. The correct standards will then be placed in effect.

   d. If local management feels that the timing and conditions are not favorable at that particular time, the case will be referred to the Division Production Manager for decision.

   e. The Division Production Manager, after consultation with all concerned, may decide to follow any one of several courses.

      e-1. Go ahead and install the corrected standards on the basis that it is a Company business risk.

      e-2. Postpone any action on installing the corrected standards until the timing and local conditions are more favorable.

      e-3. Instruct the plant to develop changes in the operation which will allow the correction of the standards. This is to be followed when the existing changes, which caused the loose standards, are not well defined or when they are of long standing. In developing these operation changes, it is understood that the plant can call on the Division or General Engineering for help and in some cases it may be decided that outside engineering help will be required. The appropriation requests covering the projects of this type will receive special handling and consideration in clearing through the approval channels.

      e-4. All cases of this type, which are postponed for proper timing or for the development of changes in the operation, are to be brought up for review by Division Headquarters every 6 months until they are settled.

   f. No personal adjustment or awards are to be used in handling the correction of standards in this category.

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2. Loose Standards - due to changes in method made by the incentive operator.

   a. The standards will be changed and corrected following the same steps as given in (1.) above.

3. Loose Standards - due to mathematical or typographical errors in their establishment.

   a. Usually, errors of this type are caught very soon after the standards are established during the period that the standards are being checked in by the Time Study Engineer. In these cases the errors which have been made will be carefully explained to the operators affected and the union, and the corrected standards will be placed in effect.

4. Loose Standards - due to poor judgment by the Time Study Engineer or Management.

   A requirement of every sound wage incentive plan is that standards will not be changed if they are loose due solely to poor judgment by the Time Study Engineer or Management. This is necessary in order to retain the confidence of the employees in the incentive plan and as a safe-guard against indiscriminate rate cutting. This policy, although unwritten, has always been understood in the J-M Incentive Plan. Loose standards of this type, however, represent an unfair and inequitable overpayment in relation to other incentive jobs and for this reason, should be corrected. It was decided that the following steps should be taken in handling these cases.

   a. A complete study and report should be made by Industrial Engineering showing what the correct standards should be, the amount of money involved in the correction and all other facts in the case.

   b. This report will be sent to the Production Manager with the recommendations by the local plant management on changes in the operation which could be undertaken to change the method.

   c. A program will then be developed for making changes in the operation which will permit the correction of the standards. Similar to (J. e-3) above, the assistance of Division Headquarters, General Engineering, or outside engineering help can be enlisted to develop changes in the operation. The appropriation requests covering projects of this type will receive special handling and consideration in clearing through the approval channels.

   d. All cases of this type will be brought up for review by Division Headquarters every 6 months.

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5. Tight Standards - due to typographical or mathematical errors or poor judgment by the Time Study Engineer.

   a. Cases of this type are detected and corrected during the checking-in period by the Time Study Engineer.

   b. When the correction is made, the question of retroactive payment sometimes develops. It was decided that retroactive pay could be allowed for the checking-in period but not to exceed 30 days.

It is recognized that in very unusual cases and where every possible effort has been exhausted to make changes in an operation so that standards can be changed, it may be necessary as a last resort to use some type of personal adjustment plan to make the necessary correction in the standard and to cushion the decrease in earnings which will result. While the Production Managers and the General Engineering Department do not look with favor toward personal adjustment plans, it has been agreed that, if in the opinion of the plants a personal adjustment plan is necessary, a plan may be developed with the assistance of Division Headquarters and General Standards Engineering to fit the particular case and location, but before being made effective must carry with it the approval of the Division Manager and the Vice President for Production. It is well to point out that care must be taken in developing a personal adjustment plan to be used at any location because its use for the correction of loose standards may readily lead toward pressure for its use in the correction of standards in other categories.

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