

CASE 14

"Ramrod" Stockwell

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The Benson Metal Company employs about 1,500 people, is listed on the stock exchange, and has been in existence for many decades. It makes a variety of metals that are purchased by manufacturers or specialized metal firms. It is one of the five or six leading firms in the specialty steel industry. This industry produces steels in fairly small quantities with a variety of characteristics. Orders tend to be in terms of pounds rather than tons, although a 1,000-pound order is not unusual. For some of the steels, 100 pounds is an average order.

The technology for producing specialty steels in the firm is fairly well established, but there is still a good deal of guesswork, skill, and even some "black magic" involved. Small changes are made in the ingredients going into the melting process, often amounting to the addition of a tiny bit of expensive alloying material in order to produce varieties of specialty steels. Competitors can analyze one another's products and generally produce the same product without too much difficulty, although there are some secrets. There are also important variations stemming from the type of equipment used to melt, cog, roll, and finish the steel.

In the period that we are considering, the Benson Company and some of its competitors were steadily moving into more sophisticated and technically more difficult steels, largely for the aerospace industry. The aerospace products were far more difficult to make, required more research skills and metallurgical analysis, and required more "delicate" handling in all stages of production, even though the same basic equipment was involved. Furthermore, they were marketed in a different fashion. They were produced to the specifications of government subcontractors, and government inspectors were often in the plant to watch all stages of production. One firm might be able to produce a particular kind of steel that another firm could not produce even though it had tried. These steels were considerably more expensive than the specialty steels, and failures to meet specifications resulted in more substantial losses for the company. At the time of the study about 20 percent of the cash value output was in aerospace metals.

The chairman, Fred Benson, had been president (managing director) of the company for two decades before moving up to this position. He is an elderly man but has a strong will and is much revered in the company for having built it up to its present size and influence. The president, Tom Hollis, has been in office for about four years; he was formerly the sales director

and has worked closely with Fred Benson over many years. Hollis has three or four years to go before expected retirement. His assistant, Joe Craig, had been a sales manager in one of the smaller offices. It is the custom of this firm to pick promising people from middle-management and put them in the "assistant-to" position for perhaps a year to groom them for higher offices in their division. For some time these people had come from sales, and they generally went back as managers of large districts, from whence they might be promoted to a sales manager position in the main office.

Dick Benson, the executive vice president (roughly, general manager), is the son of Fred Benson. He is generally regarded as being willing, fairly competent, and decent, but weak and still much under his father's thumb. Traditionally, the executive vice president became president. Dick is not thought to be up to that job, but it is believed that he will get it anyway.

Ramsey Stockwell, vice president of production, had come into the organization as an experienced engineer about six years before. He rose rather rapidly to his present position. Rob Bronson, vice president of sales, succeeded Dick Benson after Benson had a rather short term as vice president of sales. Alan Carswell, the vice president of research, has a doctorate in metallurgy and some patents in his name, but he is not considered an aggressive researcher or an aggressive in-fighter in the company.

The Problem

When the research team studied Benson Metal, there were the usual problems of competition and price-cutting, the difficulties with the new aerospace metals, and inadequate plant facilities for a growing industry and company. However, the problem that particularly interests us here concerned the vice president of production, Ramsey Stockwell. He was regarded as a very competent production man. His loyalty to the company was unquestioned. He managed to keep outdated facilities operating and still had been able to push through the construction of quite modern facilities in the finishing phases of the production process. But he was in trouble with his own staff and with other divisions of the company, principally sales.

It was widely noted that Stockwell failed to delegate authority to his subordinates. A steady stream of people came into his office asking for permission for this and that or bringing questions to him. People who took some action on their own could be bawled out unmercifully at times. At other times they were left on

their own because of the heavy demands on Stockwell's time, given his frequent attention to details in some matters, particularly those concerning schedules and priorities. He "contracted" the lines of authority by giving orders directly to a manager or even to a head foreman rather than by working through the intermediate levels. This violated the chain of command, left managers uninformed, and reduced their authority. It was sometimes noted that he had good men under him but did not always let them do their jobs.

The key group of production men rarely met in a group unless it was to be bawled out by Stockwell. Coordinating committees and the like existed mainly on paper.

More serious perhaps than this was the relationship to sales. Rob Bronson was widely regarded as an extremely bright, capable, likable, and up-and-coming manager. The sales division performed like a well-oiled machine but also had the enthusiasm and flashes of brilliance that indicated considerable adaptability. Morale was high, and identification with the company was complete. However, sales personnel found it quite difficult to get reliable information from production as to delivery dates or even what stage in the process a product was in.

Through long tradition, they were able to get special orders thrust into the work flow when they wanted to, but they often could not find out what this was going to do to normal orders, or even how disruptive this might be. The reason was that Stockwell would not allow production people to give any but the most routine information to sales personnel. In fact, because of the high centralization of authority and information in production, production personnel often did not know themselves. "Ramrod" Stockwell knew, and the only way to get information out of him was to go up the sales line to Rob Bronson. The vice president of sales could get the information from the vice president of production.

But Bronson had more troubles than just not wanting to waste his time by calling Stockwell about status reports. At the weekly top-management meeting, which involved all personnel from the vice presidential level and above, and frequently a few from below that level, Bronson would continually ask Stockwell whether something or other could be done. Stockwell always said that he thought it could be. He could not be pressed for any better estimations, and he rarely admitted that a job was, in fact, not possible. Even queries from President Tom Hollis could not evoke accurate forecasts from Stockwell. Consequently, planning on the part of sales and other divisions was difficult, and failures on the part of production were many because it always vaguely promised so much. Stockwell was willing to try anything, and worked his head off at it, but the rest of the group knew that many of these attempts would fail.

While the men under Stockwell resented the way he took over their jobs at times and the lack of information available to them about other aspects of production, they were loyal to him. They admired his ability and they knew that he fought off the continual pressure of sales to slip in special orders, change schedules, or blame production for rejects. "Sales gets all the glory here" said one. "At the semiannual company meeting last week, the chairman of the board and the managing director of the company couldn't compliment sales enough for their good work, but there was only the stock 'well done' for production; 'well done given the trying circumstances.' Hell, Sales is what is trying us." The annual reports over the years credited sales for the good years and referred to equipment failures, crowded or poor production facilities, and the like in bad years. But it was also true that problems still remained even after Stockwell finally managed to pry some new production facilities out of the board of directors.

Stockwell was also isolated socially from the right group of top personnel: He tended to work later than most, had rougher manners, was less concerned with cultural activities, and rarely played golf. He occasionally relaxed with the manager of aerospace sales, who, incidentally, was the only high-level sales person who tended to defend Stockwell. "Ramrod's a rough diamond; I don't know that we ought to try to polish him," he sometimes said.

But polishing was in the minds of many. "Great production man—amazing when he gets out of that mill. But he doesn't know how to handle people. He won't delegate; he won't tell us when he is in trouble with something; he builds a fence around his men, preventing easy exchange," said the president. "Bullheaded as hell—he was good a few years ago, but I would never give him the job again," said the chairman of the board. He disagreed with the president that Stockwell could change. "You can't change people's personalities, least of all production men." "He's in a tough position," said the vice president of sales, "and he has to be able to get his men to work with him, not against him, and we all have to work together in today's market. I just wish he would not be so uptight."

A year or so before, the president had approached Stockwell about taking a couple of weeks off and joining a leadership training session. Stockwell would have nothing to do with it and was offended. The president waited a few months, then announced that he had arranged for the personnel manager and each of the directors to attend successive four-day T-group sessions run by a well-known organization. This had been agreed on at one of the directors' meetings, though no one had taken it very seriously. One by one, the directors came back with marked enthusiasm for the program. "It's almost as if they had our company

in mind when they designed it," said one. Some started having evening and weekend sessions with their staff, occasionally using the personnel manager, who had had more experience with this than the others. Stockwell was scheduled to be the last one to attend the four-day session, but he canceled at the last minute—there were too many crises in the plant, he said, to go off that time. In fact, several had developed over the previous few weeks.

That did it, as far as the other vice presidents were concerned. They got together themselves, then with the president and executive vice president, and said that they had to get to the bottom of the problem. A top-level group session should be held to discuss the tensions that were accumulating. The friction between production and sales was spilling over into other areas as well, and the morale of management in general was suffering. They acknowledged that they put a lot of pressure on production, and were probably at fault in this or that matter, and thus a session would do all the directors good, not just Stockwell. The president hesitated. Stockwell, he felt, would just ride it out. Besides, he added, the "Old Man" (chairman of the board) was skeptical of such techniques. The executive vice president was quite unenthusiastic. It was remarked later that Stockwell had never recognized his official authority, and thus young Dick feared any open confrontation.

But events overtook the plan of the vice president. A first-class crisis had developed involving a major order for their oldest and best customer, and an emergency top-management meeting was called, which included several of their subordinates. Three in particular were involved: Joe Craig, assistant to the president, who knows well the problems at the plant in his role as troubleshooter for the managing director; Sandy Falk, vice president of personnel, who is sophisticated about leadership training programs and in a position to watch a good bit of the bickering at the middle and lower levels between sales and production; Bill Bletchford, manager of finishing, who is loyal to Stockwell and who has the most modern-equipped phase of the production process and the most to do with sales. It was in his department that the jam had occurred, due to some massive scheduling changes at the rolling phase and to the failure of key equipment.

In the meeting, the ground is gone over thoroughly. With their backs to the wall, the two production men, behaving somewhat uncharacteristically in an open meeting, charge sales with devious tactics for introducing special orders and for acting on partial and misinterpreted information from a foreman. Joe

Craig knows, and admits, that the specialty A sales manager made promises to the customer without checking with the vice president of sales, who could have checked with Stockwell. "He was right," say Vice president Bronson, "I can't spend all my time calling Ramsey about status reports; if Harrison can't find out from production on an official basis, he has to do the best he can." Ramsey Stockwell, after his forceful outburst about misleading information through devious tactics, falls into a hardened silence, answering only direct questions, and then briefly. The manager of finishing and the specialty A sales manager start working on each other. Sandy Falk, of personnel, knows they have been enemies for years, so he intervenes as best he can. The vice president of research, Carswell, a reflective man, often worried about elusive dimensions of company problems, then calls a halt with the following speech:

You're all wrong and you're all right. I have heard bits and pieces of this fracas a hundred times over the last two or three years, and it gets worse each year. The facts of this damn case don't matter unless all you want is to score points with your opponents. What is wrong is something with the whole team here. I don't know what it is, but I know that we have to radically rethink our relations with one another. Three years ago this kind of thing rarely happened; now it is starting to happen all the time. And it is a time when we can't afford it. There is no more growth in our bread-and-butter line, specialty steels. The money, and the growth, is in aerospace; we all know that. Without aerospace we will just stand still. Maybe that's part of it. But maybe Ramsey's part of it too; this crisis is over specialty steel, and more of them seem to concern that than aerospace, so it can't be the product shift or that only. Some part of it has to be people, and you're on the hot seat, Ramsey.

Carswell let that sink in, then went on.

Or maybe it's something more than even these. . . . It is not being pulled together at the top, or maybe, the old way of pulling it together won't work anymore. I'm talking about you, Tom [Hollis], as well as Fred [Benson, the chairman of the board, who did not attend these meetings] and Dick [the executive vice president, and heir apparent]. I don't know what it is, here are Ramsey and Rob at loggerheads; neither of them are fools, and both of them are working their heads off. Maybe the problem is above their level.

There is a long silence. Assume you break the silence with your own analysis. What would that be?