

How the Incentive Management Program Operates in a State Highway Department

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GOALS FOR HIGHWAY DEPARTMENT

Quite some time ago, our Highway Commissioner, Gen. James Anderson, set for his Department these goals:

1. To give to Virginia a highway system and a highway service second to none.
2. To develop the personnel of the department into the best trained, most courteous, and most efficient organization possible.
3. To give the highway taxpayer the most for his dollar.
4. To do the Department's part in making Virginia one of the safest states in which to travel, work, play, and live.

To give impetus to the accomplishment of these objectives he has instituted in the department quite a number of innovations, among which may be mentioned:

Each spring, a meeting of administrative engineering personnel.

Each fall an annual highway conference at VMI similar to this of yours.

Various schools in the department ranging from a day to a month in duration, dealing with bitumens, concrete, soils, mechanical work, safety, maintenance operations, inspection, record keeping, machine operation and care, etc.

In-service training programs in which personnel may attend night schools, take approved correspondence courses, etc. and be reimbursed for costs upon satisfactory completion. At present about 300 are so engaged; about 70 in night schools; about 210 in Highway Engineering correspondence courses; 10 in special courses.

Each year a refresher course for survey work is held at VMI, to which the Department sends a number of its survey party personnel.

A special graduate training program particularly for administrative engineers in which top ranking civil engineer graduates are selected and given a four year period of diversified and intensive training in all the divisions of the department.

INCENTIVE MANAGEMENT PROGRAM

To these and a number of others that I have not mentioned, he has now added what we speak of as an Incentive Management Program.

To easier understand our discussion of it let us review briefly our departmental setup:

At the top we have the state highway commission of nine men appointed by the Governor. One of these is the Commissioner, who has direct charge of the work of the Department. Each of the others represents one of the eight construction districts into which the state is divided.

Under the Commissioner the Department operates through six main divisions and division heads: Engineering; Organization; Right of Way; Traffic and Planning; Purchasing; Auditing.

The Chief Engineer, who is also Deputy Commissioner, heads the Engineering Division. Under him come two Assistant Chief Engineers.

Under one of these comes the Construction, the Maintenance, the Landscape, and the Equipment Divisions. Under the other one comes the Location and Design, the Bridge, the Testing, and the Research Divisions.

Under the Executive Assistant to the Commissioner comes the Division of Organization and Public Relations, with a Personnel Engineer, a Safety Engineer, and a Publicity Director.

For field organization we make use of the eight construction districts mentioned above, each of which is headed by a District Engineer who has charge of all highway department functions in the district, including both construction and maintenance.

Each District is divided into Residencies composed of from one to three counties. Each Residency is headed by a Resident Engineer who has charge of all highway department functions in the residency, including both construction and maintenance.

The Department handles both a primary system of approximately 8,000 miles, and a secondary system of approximately 40,000 miles. This latter system came into being in 1932 when the county roads were taken over by the state. This system is administered in close cooperation with the respective County Boards of Supervisors.

With an expenditure of approximately \$85 million annually through an organization of approximately 10,000 people, the matter of

employer-employee relations became of great moment and vital concern to the Commissioner. So he and his staff embarked on an Incentive Management Program. It was thought best to start it on a pilot basis in a select number of the residencies. Four residencies were chosen, one in each of four of the districts. Then the District Engineers, the Resident Engineers, and the Assistant Resident Engineers concerned were called into the Central Office for a week long conference, beginning January 12, 1953.

Using a book by James Lincoln for a text, and supplementing it with their own rich and varied experiences, lectures were given by staff members and division heads on *Incentive* and how it might best be applied in the work of our Department. The last day of the conference was used mainly for a report from the field engineers in attendance as to what they had gotten from the conference and how they proposed to apply it in the field.

They were instructed to go back to their respective areas, and conscientiously start putting it into practice. That assignment was carried out.

In order to evaluate the progress being made, as well as further that progress, regional meetings were held in rotational fashion in the four districts concerned. They were attended by the engineers in the program, as well as by a number of the superintendents and foremen from the closest residency in the program.

After the program had been in effect for a year, a report on its progress was given to a state-wide group of administrative personnel at one of our spring meetings. Following this Gen. Anderson had the program extended to include residencies in all of the eight districts. Still later, following his establishment of an In-Service Training Director in the Department, he further expanded the program to include all the residencies of the Department.

APPLYING THE PROGRAM

What are some of the things done by the residencies in the way of applying incentive management?

A resident engineer now holds frequent meetings of his supervisory men—calling them his staff meetings instead of just supervisory meetings. Here the superintendents and foremen are encouraged to discuss frankly and thoroughly their problems and to take the initiative in bringing forth new ideas for their solution. These ideas, whenever feasible, are given a tryout. The superintendents and foremen are allowed as free hand as possible, under over-all guidance, in the planning and execution of their work.

The area superintendents are now given the responsibility of submitting a program covering the needs of their areas. These are discussed with them and the Resident Engineer incorporates such of them as he can in his budget for the county.

Area superintendents are expected to attend Board of Supervisors meetings as much as practical. This has been a help to all concerned, and has paid off in better public relations as well. It has also increased the feeling of responsibility of the superintendent and caused him to take a greater pride in his job.

In order to encourage greater interest in work, build up pride in job, and better designate responsibility, a practice has been adopted of posting the names of as many of the personnel as practical in appropriate places—at area headquarters, in offices, at equipment stalls, etc. As a rule when a man's name is publicly connected with his work and responsibility, his incentive is increased for trying harder to live up to what he thinks is expected of him. You know that Dale Carnegie says that the sweetest word in the English language is a man's own name.

The name of the project inspector is placed at ends of construction jobs. Rating sheets are kept to reflect performance and kind of job secured, etc.

Through articles in local papers, and through our own monthly highway magazine, as well as through discussions in public meetings, an effort is made to publicly recognize the efforts of the men so they can know their good work is appreciated.

Through these and in many other ways there is developed a deeper interest in their work, more joy in the doing of it and greater pride in its accomplishment. And, contradictory as it may seem, there has been built up both *a greater spirit of competition* as well as a *warmer desire for cooperation* amongst our personnel.

One residency reported: "The most inspiring part of the entire system is the quick change of attitude of our men. They want to work hard and in competition with each other if they know they are going to get due recognition. They know this program is no bed of roses, but they are willing and happy because they feel they are going to accomplish something far greater than through usual routine."

The principles of incentive management are not new. They are fundamental principles of good human relations. The program simply recognizes these principles and applies them in proper manner.

You note I said proper application, for you know, sometimes some of these programs can backfire. For instance, there was the new executive who tried to speed up production by posting big signs all over

the place DO IT NOW—DO IT NOW. Some weeks later a friend asked him how his program had worked out. He replied "I'd like to forget it. Do you know what? Right off, three of the stenographers demanded a pay raise, the office boy joined the navy, the shop force went on strike, and the head bookkeeper eloped with the best secretary I ever had." DO IT NOW!

We all realize that employer-employee relations is a two-sided affair; that management must be genuinely interested in those who are managed in order to evoke a proper interest from them; that management must be loyal *to* them to merit loyalty *from* them; that management must be steadfast and dependable to foster dependability in them.

Long ago there was enunciated one of the great principles of true leadership: Let him who would be greatest among you become the servant of all. Service—a great word! It has been noted that those organizations which are truly great stay great because they constantly endeavor to render a greater service through a better and a still better job.

In the evolution of mankind there have been many kinds of employer-employee relations—from servitude and slavery through indenture and on up to the free enterprise system, which perhaps has reached its highest form in the American industrial world. This evolution has been marked by a complete and radical change of concept—from a concept of driving to a concept of leading. Incentive management should be administrative leadership at its best. Leading rather than driving. Leading rather than "being chased."

Incentive management seeks to produce more—with less effort—and do it safely. It goes beyond the product, concerning itself with those who create the product, recognizing their right to a wholesome and happy condition in the process of production, and their right to and need for a just pride in the result of their labors.

Years ago, the economic insecurity of the average worker was such that he almost had to stick to his job regardless of pay or working conditions. Today almost the reverse is true. Therefore, today management, and rightly so, has reason to study and apply the most effective methods possible to hold and develop an effective organization.

Man can give forth a puny effort, or he can give forth a moderate effort, or properly inspired and enthused he can and will just as gladly give forth a super effort.

The Lincoln Electric Company of Cleveland, Ohio, manufactures electric welding equipment and electrodes. James L. Lincoln, its president, had some enlightened ideas on management, and putting them into practice has accomplished what appears almost a miracle. He

called his method "incentive management"—a kind that excites or stimulates the employee to greater productive effort.

You know we see only about one-tenth of an iceberg, the greater part being submerged. He says man's capacity for doing things is ordinarily being used to only a small part, perhaps only a tenth. The greater part is submerged in *inaction*. He calls this unused portion "latent talent," talent that is sleeping, waiting to be awakened and put to use. He says latent abilities are like clay. Can be mud on the shoes, brick in a building, or a statue that will inspire all who see it. The clay is the same. The result is dependent on how it is used.

Through his method, he has in a few years increased the production of his individual worker to where it is about *four times* that of the average worker in comparative industry. Notwithstanding that he has greatly *increased* the pay of his workers, he has greatly *decreased* the cost per unit of his product, and he attributes this—not primarily to increased pay but—to incentive management.

He tells about his theory and his experience with it in this book which is entitled "Incentive Management." It is interesting reading, and I would recommend it to any of you.

PHILOSOPHY OF THE PROGRAM

Available time will not permit a detailed discussion, so I'll just try to give you an idea of the philosophy on which it is based, which is equally applicable in our everyday dealings with our fellow man, or members of our family, as it is in employer-employee relationship.

We get a railroad tank car of a black smelly liquid. We think it is road asphalt. The laboratory analyzes it for us and tells us just exactly what it is. For the purpose of analysis, we did not send the whole carload but just a small representative sample.

Incentive management is a big subject, almost as big and far reaching in its application as human activity itself. So, for our discussion, let's just take a tiny part of it, say just *an atom* of it—even though that atom must be *an imaginary one* for the purposes of our illustration.

In our illustration, we will let the electrons represent the lesser things of incentive management; the neutrons more important things; and the *protons* the *most important things*.

We don't have time to deal with the electrons, so without further ado, let's just go into the nucleus of the Incentive Management Atom and through simulation, take out a hat full of the nucleus particles and discuss them one by one.

Well now, here goes for one. It is labeled *COMPETITIVE SPIRIT*. In sports it is competitive spirit that calls for the super

effort of the athlete. So, in Incentive Management, *competition* is used to produce greater results.

Now, let's go again, and we find this one labeled *FAIR AND SQUARE DEALING*.

Now let's take another. The title on it reads "*KEEPING THE PRESSURE ON*." Maybe a strang sounding title, but it is another way of saying "Set the Objective High." Emerson said that our chief need in life is somebody to make us do what we *can* do—somebody to expect it of us, the service of a friend. A man not only likes to do a good job, but likes it expected of him.

Now let's go into the hat again and if I were a magician, this is the time I would pull out the white rabbit. Well, it's not a rabbit but it has a magical title! *USE COMMENDATION FREELY*. It's said to be only 18 inches between a kick in the pants and a pat on the back, but what a difference in the results obtained. It's also said that it is wonderful how much you can get done if you just don't mind who gets credit for it.

For practice, you might try this commendation system out on your wife. But a word of advice. Use caution to avoid shock.

Once again, and this one reads almost word for word like the *GOLDEN RULE*. If we all used that one, what a grand world this would be.

Now once again. Here is one really worth talking about. Yes, it has an appropriate title. To my mind it is *the most important one of all*, and it will be *the one to which the balance of my remarks will be directed*.

Patrick Henry remarked that the race is not always to the swift nor the battle always to the strong. We find that when man has done what he thinks is his best, that nature has blessed him with a capacity for a still *better best*—Lincoln's *LATENT TALENT*.

A classic example of the race proposition is, of course, the old-time story of the tortoise and the hare.

And no better example of the weak overcoming the strong could be wanted than that of the story of one of the sons of Jesse. The Israelites were again engaged in warfare with their old enemy, the Philistines. Jesse sent his young son from tending the sheep to carry supplies to his older brethren at the front. There he found a stalemate existing, with the tribes of Israel on one mountainside and the Philistines on the opposite mountainside, with the valley stretching in between. The giant Goliath had for some time been strutting up and down in front of his lines, calling taunts of all kinds to the Israelites. But he appeared too strong and too formidable for any to accept his challenge.

However, David sized up the situation and said that he would go forth to meet the giant in combat.

Now why would he, a weak shepherd lad, neither strong nor skilled in the ways of warfare, take upon himself such an uncalled-for risk? Well, it is not likely he would have done so for *strangers*, but these were *his people*. He was one of them. And, as he went down the hillside and across the branch, where he carefully chose the small stones for his sling, he was strengthened and sustained by his *feeling of belonging*, for at that moment he represented Israel. His hope was the hope of Israel. His heartbeat was the heartbeat of Israel. In fact, for all intents and purposes, at that moment *he was Israel*.

Now what is this thing, this quality, that enables the slow to outdistance the swift and the weak to outdo or overcome the strong—this thing that transforms mediocrity into greatness? Well, you might choose to call it “ambition,” say the ambition of a Napoleon to whom there were no Alps. Or you may prefer to think of it as “*inspiration*,” which Michelangelo undoubtedly had when he dipped his brush into the colors of the rainbow and rearranged those colors into one of the world’s masterpieces of art on the ceiling of a Church. Maybe you prefer to think of it as “*dogged determination*,” as of the Greeks at the pass of Themopylae. Perhaps you want to call it “*perseverance*”—of an Edison, to whom 14, 16 or 18 hours a day were all too short in the pursuit of a worthy objective. Or the *spirit of a Patrick Henry*, or the *fortitude of a Valley Forge*, or the *enthusiasm of a Ben Petty* or a *Ken Woods*—if you prefer closer examples. Or you may just want to think of it as that *inherent belief that every man has in himself that he can, through his own efforts, accomplish worth-while things*, and contribute to the welfare of his fellow man. For in that Book of Books, is it not written that the Kingdom of God can be found *within* you. By whatever name you choose to call it, it is the province of incentive management to *seek it out, nourish it, and develop it*.

How shall incentive management do this? I was once making inquiry as to where a certain person lived. I was told in a house, down the road, and off on a side road. On asking how I would know what side road on which to turn, I was told to go down the road a ways till I came to an exceptionally large oak tree on the right edge of the road, and that just beyond this there was a side road leading off, but that would *not* be the one, the next one would be.

We sometimes help define a thing by telling what it is not, as well as by telling what it is.

Incentive management, being concerned primarily with over-all results, recognizes that the thing we seek to develop is not developed

by our demanding or expecting in each and every instance, a super effort, a maximum result, a hundred per cent perfection, or a manner of performance exactly similar to the manner in which we ourselves might choose to perform a given task.

You will recall that the manner in which David went about his task was not at all orthodox, in fact, it was thought to be very foolish, going forth to meet a giant unarmored and unweaponed. In fact the armor and the sword of King Saul himself were made available to him. But it is apparent had he attempted it in any other manner than that in which he was particularly suited, defeat instead of victory would have resulted.

We soon find that this thing that we seek cannot be bought, nor can it be produced by coercion. But we do find the embryo of it existing in every individual, and all we have to do is supply the proper environment and it will do the growing. And now that's where incentive management comes in. It endeavors to provide a soil, rich in genuine interest in the other fellow's welfare, and keeps it moist with the milk of human kindness, surrounds it with an atmosphere of encouragement, and provides it with the warmth of understanding, and then sheds on it the sunshine of just and proper recognition. And incentive management has done its job.

HUMAN RELATIONS

Fellow Highway Folks, I am talking to you about something more important by far than even the building of highways. I am talking to you about proper human relations. But please note that when we apply proper human relations, there results not less work done but more work done. Not fewer highways, but more and better highways.

We have found that true in our safety work. Our consideration for the welfare of our fellow man has not only saved him from the anguish of accidents, but has paid us dividends in better and more productive work habits.

Henry Ward Beecher had a great regard for human relations. He had a sympathetic understanding of his fellow man. It was so pronounced that one day when buying a paper from a scantily dressed newsboy on a bitter cold day, noticing the youngster shivering, his concern was so apparent that when he asked the little fellow if he were not cold, it is said that the boy's reply was one of the finest compliments ever expressed. "I was, sir, till you came."

Tolstoy was going down the street, when he came upon an unfortunate asking alms. In genuine frankness he said, "I am sorry, brother, but I have not with me any alms to give you." The unfortunate replied, "You have given me more than alms. You have called me 'brother'."

Genuine interest, human kindness, encouragement, understanding, just and proper recognition—good things to remember and good things to practice.

Every day, as district engineer, I realize more and more that the problems of my district are too numerous, too complex, too momentous to be properly dealt with by any *one* person, that dealing with them is a team job.

Now a team is by far more than just an aggregation of persons. And what is it that converts a group of individuals into a team? Team spirit. And what does team spirit exist on? Primarily, on the feeling of belonging.

And now, *for sake of emphasis*, I'll say again all that I have said, *but in one sentence*. Salaries, be they little or big (and we all like them big) will only buy a mediocre day's work. Whatever we get over and beyond that mediocre day's work—either in quality or quantity—stems only and proportionately from the *sense of partnership*, that *feeling of belonging* existing in the hearts and minds of the individual members.

I will long remember when going to a highway employee's house one evening, I was met by a bright little boy in the yard. Before going into the house I talked to him a while, in which conversation I asked him what his father did. With pride showing both in his voice and in his looks, he replied, "Why, Dad *highways*." I was convinced that none of us will ever be more a part of the Highway Department than that father was in the eyes of his little son. Nor do I need tell you that his father was one of the Department's good parts too.

I saw a picture not long ago that portrayed this story. There had been a calamity. A number of persons had been injured. A small boy was carrying, in Scout fashion, on his shoulders another boy almost his own size away from the scene of accident to safety. A kindly priest was offering to relieve the boy of his burden. The caption under the picture gave the boy replying, "Father, he isn't heavy. He's my brother."

As long as the members of an organization have that team spirit, the feeling of belonging, no task will be too great but what it will be cheerfully and well done.

Now let me conclude by reading to you the inscription on this proton, which we took from the very heart of the incentive management atom—and one we started out to scrutinize. It reads: "I am the spirit of the team, '*the feeling of belonging*.' Many things make up the incentive management atom, but I am the most important of all, for have me not, and you have not incentive management."