

ORGANIZATION PLAN OF THE KENDALL CO.

Line Responsibilities ———
Staff Responsibilities - - - - -

Approved As Of
July 1929

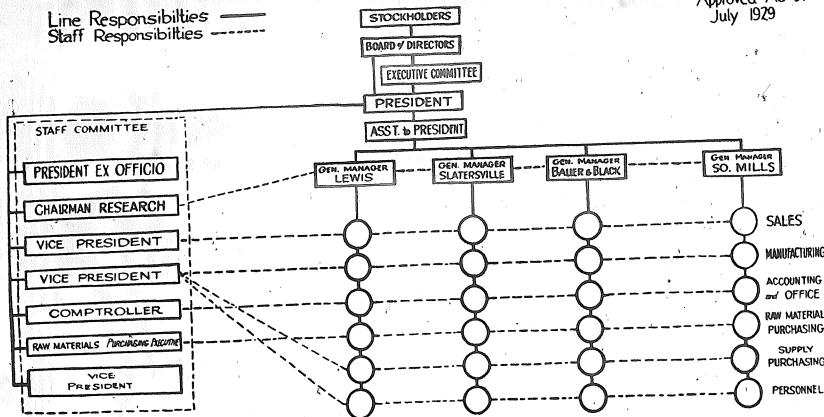


Figure 1

b. The manufacture of these raw materials in well designed, well equipped, well organized plants, with a personnel that is well chosen and adequately paid.

c. The distribution of these finished products, in trademarked or branded form, through the company's own sales organization.

That these economic objectives were sound is shown by the fact that through many vicissitudes of the general economic situation, and in a highly competitive industry, the company grew in size and strength until today these objectives are fully carried out in the nine plants owned or controlled by The Kendall Company.

3. *Social Objectives.* The Kendall Company has been actuated by certain fundamental concepts, motives and desires, developed in common purposes, which have given it its present special character. The main objective inspired by its president has been sound, sane, permanent social betterment and economic well-being, first, within the sphere of its own activity, and second, within the scope of its influence. Wherever this company has contacted, we find happier men—men inspired to do

better, perhaps their best; better homes; children better educated, better clothed, better nourished, and all with a continually broadening vision and a keener appreciation and sounder appraisal of the art of living.

The Kendall Company, under Mr. Kendall's management and administration, has demonstrated how the resources of the company, gotten together by foresight, courage and proven judgment, and operated apparently to produce certain textiles, can be exploited successfully for human welfare and economic well-being and for the enrichment of human lives. In organizing and carrying forward this business, our aim is that its resources shall continue to be enlarged and expanded in order that further opportunity for such exploitation may be provided; that the company may demonstrate, further test and establish in practice its ability to harmonize operative methods with the requirements of human nature; and that it may lift the general level of industry by setting forth new ideas of efficiency, even-handed justice and democracy, and by establishing them as realities in a science and art of management.

History of Organization Development

From an organization standpoint, the history of The Kendall Company may be divided into three phases: (1) the pre-organization phase; (2) the loosely-knit organization phase; and (3) the present phase of integrated and defined organization.

The pre-organization phase covered the years from 1904 to 1917. The phase of loosely-knit organization extended from 1917 to 1929, while the present integrated and defined type of organization is about a year old.

1. *Pre-Organization Phase.* The term "pre-organization" needs definition. It covers a period of development through which most businesses pass as they grow from small to larger size, during which the guiding spirit of the business must himself be the organization and not only formulate policies but make and execute most, if not all, executive decisions.

If the chief executive has vision and ability a business under this plan can grow, up to a certain point, at which it becomes necessary to delegate important responsibilities and to develop organization.

In The Kendall Company this first phase extended from the year 1904 to 1917. Meanwhile, the company had experienced a substantial growth. Two additional plants had been acquired—a northern finishing plant in 1915 and a southern cotton mill in 1916.

2. *Loosely-Knit Organization Phase.* By 1917 the size and complexity of the business made it necessary for the chief executive to relieve himself of some of his multifarious responsibilities.

The first step in building a self-sustaining organization was the selection of three experienced executives for the parent plant at Walpole, a sales manager, a works manager and an assistant treasurer, responsible respectively for selling, manufacturing and accounting, financial and office functions.

These men were brought in from the outside, there being no suitable material available within the company. Since that time the organization has largely been built up from the inside, chiefly through the acquisition, training and promotion of young college men, added from year to year.

During this phase, extending from 1917 to 1929, a second southern cotton mill was bought in 1918,

a third in 1924, a fourth in 1925 and a fifth in 1926. The purchase in 1928 of Bauer & Black, Chicago surgical dressings house, brought about the necessity for the further development of organization, and marked the close of the intermediate phase.

During this period the parent plant at Walpole was operated by an executive committee consisting of three senior executives, each responsible directly to the president. There was no general manager. The finishing plant at Slatersville was in charge of a general manager, while each of the southern mills had a local manager, also responsible to the president.

It will be seen that under this loosely-knit type of organization:

a. Local authority was relatively weak in most instances.

b. Many executives and functions were directly responsible to the president.

c. There was no well defined staff development.

In spite of certain inherent defects, this type of organization worked well during this intermediate period because of the excellent character and ability of the executives.

3. *Integrated and Defined Organization Phase.* In 1929 a type of organization was developed to meet the needs of an expanded and relatively complicated business comprising nine scattered plants located in six states engaged in several types of manufacture and distribution.

This plan of organization is shown graphically in the organization chart. While the plan was built to fit the special needs of our business, the underlying principles are of general application.

The outstanding feature is the development and correlation of line and staff responsibilities in a manner which permits effective decentralized operation of individual divisions together with the co-ordination of policies and methods essential to the effective direction and operation of the enterprise as a whole.

The nine plants are grouped into four divisions, each in charge of a general manager. The Lewis and Slatersville divisions each has a single plant. Each of the other two divisions consists of a group of plants. The Bauer & Black division comprises a plant at Chicago and one at South Bend, Indiana. The Kendall Mills division includes five cotton mills in North Carolina and South Carolina, in charge of local general managers, each a "shepherd