

American Society of Baking

Technical Bulletin #12

Victor E. Marx, Secretary
1135 Fullerton Avenue
Chicago, ILL.

October, 1925

PLANS FOR IMPROVING BAKERY ORGANIZATIONS By E. B. Nicolait, Quality Bakers of America, New York, N.Y. Copyright 1925 by the American Society of Bakery Engineers

Plan No. 1

A Bonus Plan to Encourage Efficiency and Loyalty of Employees

Workers or employees who are interested in the welfare of the Company and who are striving to do their best to make the company a success receive a bonus which may consist of cash or a participating form of stock.

To govern this plan a system of MERITS AND DEMERITS for classifying the employee is established. This system applies to all employees including route foreman except salesmen, providing the salesmen work on a satisfactory commission.

All employees except salesmen are guided by rules given in Form No. 1. If later found advisable the salesmen can be placed on a similar merit system in accordance with rules on Form No. 2.

MERITS for good service and DEMERITS for carelessness and infraction of rules are awarded by the foreman, superintendent or manager, the manager in turn awarding the foreman and superintendent.

The Classification of employees is arranged as follows:

Class A.—Includes all employees who have received during a period, either quarterly or dividend periods, NET MERITS of 13 or more.

Class B.—Includes employees whose net total MERITS during such period do not exceed 12, and whose net total DEMERITS do not exceed 12.

Class C.—Includes all employees whose net total DEMERITS during this period amount to 12 or more, not exceeding 40.

A total of 40 DEMERITS or over automatically discharges an employee.

New employees are entered into Class B until they have established themselves in another class by their record.

The classification or standing of each employee is to be posted under glass in a conspicuous place once a week. A good position for this information to the production force is near the time clock, and for the sales force, in the salesmen's room. Showing the standing of each man creates that friendly competition so necessary to increase efficiency. It stimulates pride in their work and spurs their effort to become a Class A employee. If the bonus is based on the proportion of profits the company shows, they will see to it that Class C employees are not tolerated in the plant.

Every employee may appeal a foreman's awards of DEMERITS to the general manager if he feels that there are mitigating circumstances or that the penalty is too severe. Leniency in such cases is a good policy.

Of the amount of total bonus allotted EACH employee, the class "A" employee receives four-fifths, class "B" one-

half and the class "C" employee only one-fifth of the entire bonus.

It may be issued every payday in the form of a certificate or an enclosure with the pay envelope and the amount accruing be paid out at certain periods or may be applied to stock.

At the end of every dividend period employees holding credit slips or certificates of the stock bonus amounting to the value of a share of the Class of stock set aside for that purpose will be issued a share outright, subject to the conditions specified in paragraph 20.

Cash bonuses are best paid out a week before Christmas on credits accruing up to and including the last week in October. Where bonuses are applied to stock, the stock certificates are issued at the time books are closed for dividend periods to such employees holding amounts to the full value of a share.

The balance of the amount allotted and not paid out makes up a SPECIAL BONUS FUND. This fund is used for the general welfare of the employees, each employee sharing equally, from which a certain amount is set aside for a pension fund. From this, life insurance is maintained for each employee in proportion to the wages he earns, on the usual group insurance plan. Where employees' clubs such as good fellowship clubs for social activities is maintained, the company will bear half the expense from this fund of any social events which may be given by the employees' club. In other words, if the employees among themselves collect \$50.00 for a picnic, the company will furnish from this fund an equal amount to defray the picnic expenses. If this SPECIAL BONUS FUND by reason of employees all becoming class "A" employees should be too small, the company will contribute from its profits to meet the amount necessary to hold the social events.

The fact that the employees contribute one-half of the expense of such occasions protects the company against too frequent calls for such expenditures. Where the employees have become class "A" employees and the fund as a result is smaller, the company will naturally benefit by having better employees.

This arrangement makes every employee strive to become a Class "A" man, and do his best to have the firm show a profit, to make large dividends possible on the stock he holds.

By having his portion of the bonus apply to stock every employee being in the service for only one week becomes a stockholder and remains one so long as he is in the service of the company.

The class of stock for bonus purposes may be non-transferable and nonalienable, salable only three years after the date of issue, the company holding the first option. If the employee leaves the service of the company in less than two years it will be accepted by the company for cash at par, (unless redemption or market value is decided on by the directors). This compels thrift.

A lenient policy is recommended towards employees in assisting them in financial matters such as permitting them to borrow money from the company on security of this stock at the interest rate of 6% or less.

Formation of an "EASY PAYMENT STOCK CLUB" will enable employees to secure shares of stock of your participating issue on separate payments; the restrictions to govern this Club should include time limit for payments, alienation of stock and amount to be limited to 25% of their salary. Salesmen, of course, are entitled to join the "EASY PAYMENT STOCK CLUB".

PRODUCTION DEPARTMENT

Merits

	1st service	2nd service	3rd service
1—Service without demerits.....	1 a week		
2—Exceptional or meritorious service which has been of good to the company.....	10	12	12
3—Suggestions for improvement of production or company business which are adopted.....	10	12	12

Demerits

	1st Offence	2nd Offence	3rd Offence
1—Drinking on Duty.....	40		
2—Drinking off duty with other employees who are on duty.....	5	10	40
3—Gambling on Duty.....	40		
4—Gambling off duty with other employees who are on duty.....	5	20	40
5—Being discourteous to anybody, including fellow employees.....	5	10	40
6—Being responsible for accident to others.....	10	25	40
7—Stealing, assisting to theft or dishonesty of any kind.....	40		
8—Avoidable damage to machinery, equipment or products.....	5	10	15
9—Striking a fellow employee or calling him vicious names.....	40		
10—Using profane language while on duty.....	1	3	5
11—Using tobacco in any form in shop.....	2	5	8
12—Failure to report breakage or damage to equipment or machinery the same day.....	5	10	15
13—Not reporting for work.....	5	10	40
14—Failure to keep shop record accurately.....	2	5	10
15—Unclean appearance on starting day's work.....	1	3	5
16—Sleeping while on duty or otherwise neglecting work.....	5	10	40
17—Arguing with any executive, or failure to obey any instructions from them irrespective of what they may be.....	2	5	40
18—Being responsible for, directly or indirectly, avoidable waste of material of any kind.....	2	5	10
19—Not reporting properly accidents or injury, personal or otherwise, the same day.....	1	3	5
20—Reporting late for work.....	2	5	10
21—Neglect of any kind, not otherwise classified.....	2	10	40

SALES DEPARTMENT

Merits

	1st service	2nd service	3rd service
1—Service without demerits.....	1 a week		
2—Exceptional or meritorious service which has been of good to the company.....	10	12	12
3—Suggestions for the improvement of company business which are adopted.....	10	12	40

Demerits

	1st offence	2nd offence	3rd offence
1—Drinking on duty.....	40		
2—Drinking off duty with other employees who are on duty.....	5	10	40
3—Gambling on duty.....	40		
4—Gambling off duty with other employees who are on duty.....	10	20	40
5—Being responsible for accident to others.....	10	25	40
6—Being discourteous to anyone, including fellow employees.....	5	10	40
7—Stealing, assisting to theft or dishonesty of any kind, or overcharging.....	40		
8—Avoidable damage to machinery, equipment or products.....	5	10	15
9—Striking a fellow employee or calling him vicious names.....	40		
10—Using profane language while on duty.....	1	3	5
11—Using tobacco in any form while on duty.....	2	5	8
12—Failure to report promptly breakage, damage to or any fault in vehicles or equipment.....	2	5	10
13—Not reporting for work.....	5	10	40
14—Failure to keep accurate list of stops and sales.....	1	2	3
15—Unclean appearance on starting day's work, or failure to have clean shave.....	1	2	3
16—Sleeping while on duty or otherwise neglecting work.....	2	5	40
17—Arguing with any executive or failure to obey any instructions from them, irrespective of what they may be.....	2	5	10
18—Running motor hot on account of not putting water in radiator.....	1	3	5
19—Not reporting properly accidents the same day and not reporting personal injury at once.....	1	3	5
20—Reporting late to work.....	2	5	10
21—Checking in leaving flat tires on truck.....	1	3	5
22—Failure to stop and put chains on when pavements are wet and slippery and when it starts to rain, snow or mist, or failure to adjust chains when hitting against fender.....	2	3	5
23—Not reporting complaints from trade in writing.....	2	3	5
24—Fast and careless driving up to 26 miles per hour.....	2	3	40
26 miles to 30 miles per hour.....	5	10	40
Over that.....	25	40	
25—Trying to "pick out" bread from racks or failure to have all goods counted by clerk in charge before leaving.....	5	10	20
26—Omitting stops on route for any reason whatever.....	3	5	10
27—Failure to shut off motor when truck is not rolling, thus wasting gasoline and oil.....	2	5	10
28—Wilfully delaying other salesmen.....	2	3	5
29—Pushing or towing other vehicles without special permission from office.....	2	5	10
30—Failure to report in writing loss of business on any stop.....	2	3	5
31—General actions not for the best interest of the company and its employees, such as complaining about conditions or any business matter to anyone but superiors, criticising customers while on the route, or other objectionable matter.....	5	10	40
32—Failure to be optimistic and pleasant when meeting the trade in any weather under all conditions.....	2	3	5
33—Arguing with policeman or citizen due to accident or driving criticism. (This hurts the reputation of company and makes public antagonistic).....	5	10	15
34—Failure to turn in order on time.....	2	3	5
35—Failure to say "thank you" (or to give receipts) on receipt of money.....	1	3	5
36—Failure to keep inside of truck clean or to protect horse from cold when standing.....	1	3	5
37—Neglect of any kind not otherwise classified.....	2	10	40

IX

ADDITIONAL CONTRIBUTION

In addition to the amount contributed to said fund by the Company as stated in subdivision "Seven" hereof, the Company agrees that it will contribute annually an additional amount to be known as "Service Allowance", which shall be One (1) Dollar for each calendar year that an employee has been continuously in the Company's employ; e.g., an employee who has been with the Company but one full calendar year will be credited One (1) Dollar: if with the Company four years, Four (4) Dollars. In ascertaining the annual service allowance, employment with the Company prior to the starting of this fund will be counted.

X

PERIOD OF ACCUMULATION

The funds set aside by the Company and contributed by the employees to the credit of each employee shall remain in said fund for a period of five years from and after the time that each employee shall join.

XI

INTEREST COMPOUNDED

From and after the end of the first six months interest at the rate of six per cent, compounded semi-annually shall be figured and allowed by the Company on said fund formed as stated in paragraphs VII, VIII and IX. Such method of setting aside and compounding shall continue for a period of five years from and after the date of each employee joining the same; so that an employee joining said fund under the terms hereof as of the date of and remaining continuously in the employ of the Company for a period of five years thereafter shall have coming to him at the expiration of five years, to-wit, on the first day of _____ and there shall be paid him by said _____ Company, the full amount of "Percentage" and "Service" allowances credited to said fund as hereinbefore stated, together with interest thereon at the rate of six per cent, compounded semi-annually for four and one-half years.

XII

ILLUSTRATION

The following is an illustration of the proposed benefits for an employee who joins at the expiration of his first year and who thereafter remains with the Company for five years at a weekly wage of \$14, showing the accumulations at the end of each six months' period:

Annual Wage.....	\$728
Percentage allowance by the Company.....	4%
Payments by the employee.....	3%
Service allowance (increasing \$1 annually).....	\$1

Years	Employee's 3%	Company's 4%	Service Allowance	6% Compounded Interest	Total
1/2	\$10.92	\$14.56			\$25.48
1	21.84	29.12	\$2.00	\$.76	53.72
1 1/2	32.76	43.68		1.61	80.81
2	43.68	58.24	3.00	2.42	111.71
2 1/2	54.60	72.80		3.35	140.54
3	65.52	87.36	4.00	4.22	174.24
3 1/2	76.44	101.92		5.23	204.95
4	87.36	116.48	5.00	6.15	241.58
4 1/2	98.28	131.04		7.25	274.31
5	109.20	145.60	6.00	8.23	314.02

The following table shows the benefits for a second five-year period should such an employee elect to continue as provided under subdivision "Fifteen" hereof:

Years	Employee's 3%	Company's 4%	Service Allowance	6% Compound Interest	Total
5½	\$120.12	\$160.16		\$ 9.42	\$348.92
6	131.04	174.72	\$7.00	10.47	381.87
6½	141.96	189.28		11.76	429.11
7	152.88	203.84	8.00	12.87	475.46
7½	163.80	218.40		14.26	515.20
8	174.72	232.96	9.00	15.46	565.14
8½	185.64	247.52		16.95	607.57
9	196.56	262.08	10.00	18.23	661.28
9½	207.48	276.64		19.84	706.60
10	218.40	291.20	11.00	21.20	764.28

XIII

IN EVENT Of DEATH

In the event of death of the employee while in the employ of the Company and prior to the end of any five-year period, the total amount to the credit of such employee at the time of death ascertained as hereinbefore stated, and with interest at the rate of six per centum computed from the last semi-annual period up to the time of death, shall be paid:—

- First: To the widow or husband; if none,
- Second: To children under the age of eighteen; if none,
- Third: To the mother; if none,
- Fourth: To the father.

PROVIDED, however, that with the consent of the Board of Directors of the Company any employee may by will or in writing designate some other person or persons related to or dependent upon the employee to whom such amount may be paid.

XIV

TERMINATION Of EMPLOYMENT

In the event of an employee leaving the service of the Company prior to the expiration of five years from joining said fund there may be paid to him out of the benefits accumulated at the time of termination as follows:

- (a) If such termination is by reason of permanent illness or permanent disability (or by reason of marriage of a female employee), the entire amount to his credit at the time of such termination together with interest thereon at the rate of six per centum figured as hereinbefore specified, up to the time of such termination, shall be paid him.
- (b) If an employee is permanently laid off by the Company because of lack of or falling off of business or for any other reason, excepting misconduct on the part of said employee, the same amount shall be paid him as specified under paragraph "a" hereof.
- (c) If an employee shall of his own accord terminate such employment, upon giving thirty day's notice in writing to the said Company, he shall receive the moneys that he himself has contributed to said fund, without interest thereon, and no more.
- (d) If an employee is discharged on account of personal misconduct or refusing to work under the rules and regulations of the Company prior to the termination of any five-year period he shall receive within thirty days from such discharge such portion of the funds then to his credit as he personally shall have contributed but no more.
- (e) The temporary laying-off by the Company of an employee because of lack of work, or absence caused by sickness, shall not forfeit such employee's interest in such fund; the five-year period being extended for such length of time as such employee is laid off.

(f) In consideration of Company agreeing to contribute the amounts hereinbefore stated each employee, becoming a member hereof, agrees that in no event, should his employment cease as specified in paragraphs "c" and "d" of subdivision XIV shall the Company be obligated to repay to him or his assigns the moneys contributed by him or any part thereof until the expiration of thirty days from the termination of such employment.

XV

SECOND PERIOD

At the end of a five-year period any employee may, if he so select and notifies the Company in writing, allow the money then due him continued for five additional years; in which event the Company agrees to allow interest at the rate of six per centum compounded semi-annually on such sum so due, in addition to compound interest on the percentage and service allowances thereafter accruing as hereinbefore stated.

XVI

TERMINATION Of EMPLOYMENT SECOND PERIOD

If during a second five-year period, as specified in subdivision XV, the employment of an employee shall terminate as specified in either paragraphs "c" or "d" of subdivision XIV, herein, such employee shall be entitled to receive from said Company within thirty days after such termination the amount in full due him at the end of the first five-year period, plus the contributions made by such employee to said fund during the second five-year period and no more.

PLAN No. 3 Efficiency "Club"
(May also be termed "Committee" or "Cabinet").

The purpose of this "Club" is to suggest and devise ways and means to increase the general efficiency of the plant, improve the products and to reduce waste.

Any man not connected with the Sales Department of your business is eligible, whether pan greaser, mixer, packer or foreman.

The "Club" has five members, according to the size of your organization.

It meets once a week, preferably Saturday afternoons.

The term of office for the President of the club is one week.

Every week the man next to him is appointed to the chair and another man selected to membership.

Appointments are made by the manager, either on the basis of seniority or on merits.

Every man in your organization, who is eligible, should be given a chance to serve.

To encourage the desire among employees to serve on this board the company must be liberal in either paying well for the time spent in attending the meeting, giving liberal recognition to suggestions offered and carried out and provide whatever conveniences are necessary to hold these meetings promptly.

The duty of keeping minutes of the meetings must be definitely assigned. It is best to have a permanent secretary for that purpose.

Every member of the club making suggestions that are carried out and prove of value to the company should be properly rewarded.

The Company reserves the right to call a recess of these sessions for any length of time, without notice.

The advantages derived from maintaining such a "Club" are far more than you will look for. The men will not only be put in the position of having their ideas brought to the attention of the management, and this is valuable since every man in your employ has an idea he would do better "if he were boss" but by giving him this opportunity of expressing himself his thoughts will be directed towards far more constructive lines in the performance of his duties, and it will give you a chance to acquaint your employees with many sides of your shop operation to which they have never given any thought heretofore.

Furthermore, suggestions which they will offer for increased efficiency and the improvement of the product will be nothing more than you have been asking them to do right along, but the suggestion coming from them means that the members of this particular club or committee, if you prefer to call it so, will see to it that these suggestions or recommendations are put into practice in order to make a showing for themselves.

By giving recognition to recommendations which depend for their value upon the performance of the men it is well to make a definite offer of a bonus to each member of this committee, if after definite period of a reasonable length of time their recommendation has been successfully put in use. For example, if their recommendation involves the saving of dusting flour four weeks would be time enough for you to see whether, by checking these quantities of dusting flour used, the means for saving this dusting flour are actually being applied.

If the men did not quite come up to your expectations or up to the standard which you set for them to attain as featured by their own recommendation, do not disappoint them by withholding the bonus entirely, but give them a proportionate amount.