

## THE GIFT

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'Twas the week before Christmas and I had just thrown the union vice president out of my office. Actually, I wanted to physically throw him out, but had to settle for abruptly ending a grievance meeting and ordering him to leave. The union steward who presented the grievance was almost in tears since he really wanted to resolve the issue. The steward was a young machine adjuster who still had idealistic thoughts about the union and dreamed that the purpose of a union was to resolve issues for their members. Of course, that is rarely the case, and the union VP chose this grievance forum to expound on the evils of the company, its managers, stockholders, and the horses we rode in on. As Plant Manager of one of three plants in the P&G Port Ivory complex on Staten Island, I was not going to tolerate the profanity that came with this diatribe and, after appropriate attempts to get back to the subject, ended this farce and the meeting. Although I will claim that as a new Plant Manager in 1969 I was always calm and confident, I was seething with anger and frustration with this a-----, oops, union officer.

The coincidence was that this was the day that we handed out Christmas Baskets to our employees. Most of you are aware of the annual Christmas basket that P&G employees and retirees receive via UPS at this time of year. However, you don't know that these were usually handed out in person in the plants. All three of the Port Ivory Plant Managers and our Division Manager assembled in the basement of the cafeteria to greet each employee personally, wish them a happy holiday, and hand them their basket – on all three shifts. Christmas music playing, the room decorated with tinsel, and a Charlie Brown tree providing atmosphere made this a nice warm management/labor moment. A short hour after the aborted grievance meeting and, with my adrenalin still pumping, I was a coiled spring, but smiling, and doing my best Christmas Present imitation when I realized that the union VP had come for his basket. My first reaction was “oh shucks” here we go with an even bigger stage for him to show off his alleged rhetorical skills. As I braced for the confrontation, he removed his cap, smiled, reached out his hand and said “Mr. Kremzar, I wish you and your family a great Christmas and a Happy New Year. I look forward to working with you in the new year.” Stunned, I gave him his basket and mumbled something clever like “you too,” and he moved on. Adrenalin poured out of me in a puddle and I went through the rest of the long line of employees with my mind in one place and my body in another. The question then and now was “what the crap just happened here?” Could this basket contain the magic of Frosty the Snowman's hat or was there something else afoot.

It is instructive at this point to go back to how the Christmas basket custom started at P&G. In the latter part of the 19<sup>th</sup> century, labor relations in the U.S. were often violent as described by Kingston Fletcher in his recent paper. P&G was not immune to this environment and plant

shutdowns were occurring along with an employee turnover rate as high as 50% per year. An entire paper could describe what was happening and the steps that P&G took to build a better management/labor relationship and a different company. Suffice it to say that by the end of the 19<sup>th</sup> century, P&G had instituted profit sharing, changed the wage structure, and started to view workers as part of the company and not just another raw material. During this period, the company started giving a gift to employees at Christmas. It is amazing that the tradition survived the early gifts. The initial gift was a live turkey. Picture the front of the Ivorydale complex with a carload of live turkeys, bound at their feet, and each employee grabbing a bird on their way to the trolleys that ran on Spring Grove Avenue. Unhappy birds - beating their wings, feathers flying, employees chasing the occasional escapee, and all trying to board a trolley. The saving grace was that, in those days, everyone knew what to do with a live turkey once they got home. A little known myth developed about these turkeys that survived about as long as P&G owned Ivorydale. The story was that a few birds did escape and made their home behind the tanks along the Mill Creek. These feral turkeys grew to enormous size and ferocious demeanor feeding on the offal and chemicals in the creek and only came out at night. New employees were regaled with tales of giant turkey attacks at night in the dark places of the plant and many were seen sprinting through their tasks on third shift in these areas – spurred on by someone with a turkey call.

The turkey gift became impractical fairly quickly and morphed into a basket of various items that could be used as part of a family Christmas celebration. By the time I entered the company, the gift had been well established as a canned ham in a woven wood basket also filled with candy, jams, and the occasional P&G product. My kids were always eager to see the basket come home with the boxes of Cracker Jack, candy canes, and other goodies. When we moved to Brussels, I became aware that each country had their own Christmas gift assortment that rarely included a basket and often was much more adult oriented. My wife and I carried the P&G European gift bag with us on the train to ski in Switzerland since the gift contained two bottles of wine, one bottle of champagne, a tin of pate', assorted cheeses, crackers, and Godiva chocolate. We toasted the New Year in our garret hotel rooms with P&G supplied champagne gazing at the Matterhorn while our children were sleeping. Now that was a Christmas gift that we really remembered.

In any case, back in the U.S., the baskets were assembled in each plant with ingredients chosen and supplied by the company. One year, the ham was a fresh ham wrapped in foil. A good idea except that the hams turned moldy in storage. Southerners in the club know that a fresh ham usually grows a bit of harmless mold and develops a black patina on its way to becoming a country ham. However, moldy hams at P&G simply would not do, and each ham had to be unwrapped and wiped with vinegar. This led to a mocking union complaint when I was Plant Manager of the Chicago Plant about pickled ham. They rejected my equally insincere offer of a jar of mustard to build on the vinegar flavor.

One other problem with hams is that Jewish employees could not enjoy that major part of the basket. Over time, many Jewish employees and managers developed a creative solution – they turned a tidy profit by raffling the ham. When I was at Chicago, I received a letter from the Industrial Relations Department announcing that the company had heard of this practice and we should take appropriate steps to stop it. My reaction was exasperation. Here I am trying to run an efficient operation in the middle of a major city with Molotov cocktails thrown into the plant from time to time and the occasional bullet piercing windows, and you are worried about a few folks being creative with, for them, a thoughtless gift. At some small risk to my fragile reputation, I penned a note on the letter and sent it back. The note said “you must not have won the raffle either.” There was no reply.

In the U.S., the ham and basket gradually shifted to a choice of cheese or sausage and then an added choice of fruit from Harry and David. The woven wood basket was replaced for a time with wooden boxes that were replicas of shipping crates from P&G history. Most recently the container has been even more practical with items such as roller bags or picnic carriers. The U.S. gift has gone from a Christmas Basket, to a Holiday Gift, and now to an Annual Gift reflecting the changing nature of the culture. Also, the U.S. tax code has made it very difficult to give a gift of any value to employees without charging tax on imputed earnings. So, the U.S. gift is now largely a collection of P&G products that can be treated like samples for tax purposes. The box comes via UPS to all employees and retirees so the gift does not involve any personal touch, even in the plants, except for a card from the CEO reinforcing the company purpose statement.

Let’s circle back to the conundrum that started this paper. If the Christmas basket itself is magic, what happens when the person giving the basket is a UPS driver delivering P&G products? Heck, one day this could be an envelope of coupons. The answer back in the basement of the Port Ivory cafeteria and today is that little touches like the annual gift are nice, but never did replace good management and care for employees all year long. I can be nostalgic about the history of the basket, but the real lessons came from being concerned for the safety and well being of every employee every day.

As a tribute to one of the company’s great leaders, John Smale, let me share a personal vignette. When I was Manager of Manufacturing for the Food Division (yes, there was a P&G Food Division), we chose to close the Omaha Plant as an efficiency move. The savings of consolidating production were clear even though the Omaha Plant was dependable with good costs. The problem came with the separation package I was proposing for the employees. The HR people objected that we were setting a precedent, the Finance folks wanted to maximize the savings, and the General Manager wanted more rapid cash flow. One of my many weaknesses is that I will make an ass of myself for the sake of people that work for me, so I took the proposal

forward to the U.S. President, John Smale, all by myself. I arrived at his office with the typical P&G fact book full of all the details of the closure. John had a copy along with my proposal which did not hide the concerns of everyone else. I was primed to lay out the myriad figures and logic and, like that afternoon at Port Ivory, ready for a fight. John, never one for casual chat, said “Mike, I have read your proposal and I have just one question. Why is this right for P&G people?” John Smale stunned me with the realization that he was the first person in all of the debates about this proposal who asked about the people. Following a pause to re-direct my thoughts, I explained that this closure and package was not as good for Omaha people as working for P&G, but they would be delighted with what we will do for them in this situation. Also, if we don’t keep looking for major efficiencies, we put all of P&G people at risk. John looked me in the eye and said “Go ahead, this seems right to me.” I will always remember him as a quiet man who had deep concern for the people of P&G. By the way, the General Manager reduced my rating in the area of being a team player. I will remember him too.

For those who are wondering about the grievance that opened this paper. After reflecting on the events of that day, my formal response was that there was no violation of the contract by management. However, I also called the manager of the department involved and told him to do what he thought was right for his people regardless of my official statement. The steward and manager worked out an effective compromise, and the steward took it on himself to withdraw the grievance. The union VP never mentioned this particular event to me again – or I to him – and that was gift enough.

Michael H. Kremzar