CONCLUSION

At CSX corporate headquarters, the full record of Daniel Willard’s presidency, aside from B&O annual reports, is a twelve-line listing of his work history: date of birth, job titles and dates of appointment, partial salary data, and date of death. Little more is known of Willard by the management of the successor company, and there is not much interest in adding to that knowledge. During the preparation of this book, the reactions of various CSX officials to the author’s queries ranged from polite interest and helpfulness, to polite indifference, to open contempt for “those old B&O guys.”

Why should they care? What was so special about Daniel Willard, and what does it have to do with running a railroad or any other company today? A broad and simple answer to those questions is that better than any other man in his industry and in his time, and arguably as well as anyone in any industry and in any time, he showed how to lead a company. His appreciation of the dangers of financial leverage may not have been especially strong, and his expansion strategy of the early 1930s may not have been well timed, but those were almost inevitable manifestations of his intense belief in the importance of his company and its services, and his desire to build them up. He was determined that his railroad would provide the best services possible: that his customers would be well cared for, and that as a consequence, so would be his shareholders. Given his company’s geographic disadvantages and hostile environment, his success was remarkable.

The means by which he achieved this success was as noteworthy as the success itself. How so? The quality that distinctively marked his leadership, and that secures his honorable position in the history of corporate management, was his deeply empathetic appreciation of what motivates employees.
He understood their needs, and he knew that the company that met those needs in a disciplined setting could have its employees' generally enthusiastic commitment. From that commitment would come corporate success.

What more specific lessons might the practicing manager learn from his story? Willard was fond of maxims, so it seems proper that at least the first effort to draw practical conclusions should be in that form. As a nod in the direction of originality, his personal favorites will not be used verbatim but will be paraphrased. The following is a fair list of neo-Willardian maxims:

1. Serve your customers; without them, your company and your job would not exist.
2. Respect your subordinates; without them, you would not be able to do your job.
3. Treat both customers and subordinates as you would want to be treated were you in their places.
4. Give your shareholders their due.
5. Keep your door open; be visible, and listen carefully.
6. Do not prejudge sources of ideas, information, or effort.
7. Search out that which is right and good; believe in it, and always act accordingly.

No doubt, many sophisticated folk would find these precepts banal and naive. Willard would not. He ran his company by them.

Simple truths can be powerful guides to action if they are taken seriously. If the reader has increased his or her appreciation of that point, then the author is pleased. However, there is more to be understood from this story, namely, the means by which those truths were translated into specific actions that in turn led to a particular set of desired results. We must return to the causal process argued in the introduction—leader to management program to corporate culture to corporate performance—and reconsider it in light of five chapters of historical details. To what extent has that pattern been affirmed? The final answer to that question is left to the reader’s judgment. Still, in the hope of influencing that judgment, the following summary assessment is offered, moving backward through the process, from effect to cause.

First, the matter of results: the B&O’s performance during the Willard administration clearly did improve in some respects relative to that of the competition. Return on equity increased markedly during the early years of the Cooperative Plan, and market share increased slightly during the prewar years of the CTP. By some measures of operating efficiency (for instance, the transportation ratio during the thirties), the railroad looked very good even when the company’s bottom line did not. Such results are hardly overwhelming, but they have some significance in a troubled and tightly regulated indus-
try where fixed plant is truly fixed and marketing options are closely circumscribed. Willard’s company was able to post some excellent numbers during the good times and to avoid disaster during the bad.

To what can such results be attributed? Capital expenditures were central during the catch-up years of the teens, but thereafter B&O plant and equipment improvements were just proportionately equal to or less than those of the competition. The key factor distinguishing Willard’s railroad from the rest of the industry at least from 1923 onward was personnel. B&O people cared more about doing their jobs well, on average, than did their competitors’ people. Decades before it became fashionable for every company to claim, often cynically, to be a customer-oriented, caring family, the B&O was one. That was the essence of the firmly established B&O culture, and that was why the company succeeded as it did.

How can one be confident that the company’s performance was traceable to culture, and not directly to the management programs that shaped that culture? Was culture really a necessary intermediary? The answer to the second question is yes, and the reason—the answer to the first question—is that none of Willard’s programs (after some experimentation with shop piece rates during the teens) used direct, tangible incentives. B&O employees were not tangibly rewarded for performance; they were intangibly rewarded for conforming to a culture that encouraged performance. The PRR shopman who forwarded a good idea to the BNI received a cash bonus; the B&O shopman who sent a similar idea to his local cooperative committee received the approval of his colleagues, and an assurance that his proposal might in some small way contribute indirectly to his job security by helping the company in general. Viewing himself strictly as an isolated individual, he might not consider that to be enough incentive to participate. Viewing himself as part of a company family, though, subject to peer pressure to pitch in and help the family out, he might take the time to develop the idea and to send it in. His primary reward would be in the form of peer acceptance for having conformed to the corporate culture, reinforced by his own understanding that in moral terms it was the right thing to do. Similar observations can be made about the other programs and practices of the Willard era. Glee Club singers and baseball team members were not paid out of the advertising budget, nor were CTP contributors given sales commissions. Their rewards were indirect or intangible. The thrust of Willard’s approach was to create a culture that would encourage people to perform better, not to purchase better performance directly.

That is admittedly the less certain approach. Cultures are hard to shape and a long time in the making, whereas cash is simple to dispense and effective immediately. The problem with cash is that it is strictly a short-run incentive; when the bonus stops, so does improved performance. A well-founded
corporate culture, in contrast, tends to endure for the long run; it lingers, as on the B&O, even after its source has been cut off.

And what was its source on the B&O? There was no single all-encompassing determinant, but the most powerful one was the collective actions of the company's management. The causal process was not linear—simply from management action to culture—but more circular: action shaped culture, which influenced subsequent action, which further shaped culture, and so on. Thus, in the most important example, the Welfare Bureau shaped culture, which facilitated establishment of the Cooperative Plan, which further shaped culture—until the system was complete, and its full benefits could be derived. Each of Willard's progressive policies, carefully kept consistent with prior ones, built upon its predecessors, and in so doing reinforced and clarified the B&O way of doing things. They were all important, then: his acceptance of the unions, the safety committees, the company magazine, the Welfare Bureau, his limited adherence to scientific management, the cooperative claim prevention committees, his acceptance of women as more than clerical employees, the open division superintendents' meetings, the Cooperative Plan, the centennial celebration, and the Cooperative Traffic Program. They were parts of a whole, constructed step by step as a need or opportunity arose, and held together by Willard's open door policy and his visible personal example.

We thus are led back to the fundamental thesis of the book: that the sine qua non of all of this was Daniel Willard. Without him most of the B&O's progressive policies would have fizzled after a trial period or never would have been adopted at all. He was the central and essential figure. That is not to say that his stewardship of his company was flawless, a model of theoretical perfection. He made occasional mistakes; he did not have the presumed educational advantage of an MBA. His was not a great creative mind; the basic ideas behind his centerpiece programs came from others. But he knew his business thoroughly, and he had a great talent for recognizing good ideas and bringing them to fruition. He was not the brilliant entrepreneur, but he was the epitome of the capable administrator. As well as anyone, he understood how to lead the tens of thousands of employees of a sprawling, century-old company. He knew how to get things done.

Willard was blessed with and aided by his gently demanding manner and his modest personal magnetism; his personality had a quality that made people want to please him. The real reason for his success, though, is deeper than either knowledge or style. It is character: the profound essence of the human spirit. Willard was a man of genuine humility and real empathy for his employees, undergirded by a rigorous sense of morality. Those qualities in him, more than any techniques inherent in the programs themselves, explain the success of his progressive approaches. They also explain why he adopted
them. Willard was not a man given to shallow expediency; he adopted and maintained his programs because he knew them to be right. Such moral commitment was absolutely essential to his accomplishments.

Those accomplishments, and this study of them, stand in categorical opposition to the notion that programs like Willard’s can be applied manipulatively, in the manner of the latest “quick fix” management technique. Employees eventually will detect the sham, and the programs will not work. Thus managers who would lead people more effectively might spend more time examining their souls than lapping up the most recent book on improving style. The faddish adoption of mere techniques, or of programs without deep commitment to the values upon which they are based, is a waste of everyone’s time. The integrity of the leader is vital—absolutely so. That is the core message of the story of Daniel Willard and his railroad.