

File
Personal

RISKING CREDIBILITY

A History of Control Data's First
Inner City Plants

"You know, corporations, they can lose money all the time. It's the cost of doing business -- you don't succeed in everything that you undertake. Those were not the risks. Those were not the risks really being taken, you see... They were taking other risks that perhaps in the long haul could have done them far more harm -- because their credibility was at stake."

Theartrice Williams
Northside Community Leader
May 27, 1982

In March 1967, Control Data's vice president of administration and personnel was preoccupied with a project far different from his typical daily concerns of staffing, budgets, and real estate negotiations. Scratch paper accumulated on Norbert Berg's desk, documenting the development of an idea. Scribbled on a note dated March 14 were the phrases: "start small...if handled right...play with it...dream yourself... bold."

Berg's office was on the second floor of the company's headquarters building in Bloomington, Minnesota. The complex was surrounded by acres of farmland and bounded by the Mississippi River to the east and what was to become a federal wildlife refuge to the south. Isolated and peaceful, the area had only recently attracted an influx of new industry and an awakened interest among land developers.

As a growing suburb, Bloomington was far removed from the problems of the two cities it bordered--problems that had intensified that previous fall and winter. Located in a district to the immediate north of downtown Minneapolis was a community with the highest concentration of non-whites in the city and the highest rate of unemployment for both whites and non-whites. Twenty-five percent of the families living in the area had annual incomes of \$3,000 or less. Called the Northside, it had an established reputation as the ghetto section of Minneapolis. On August 2, 1966, riots began erupting in the Northside.

The city was stunned. Few believed it possible that Minneapolis could experience the same upheaval as Watts or Detroit. Community leaders, government officials, and newspaper editorialists called for action. Local business leaders were faced with a growing realization that their companies were expected to take a role in addressing the root causes of social unrest. In this crisis year of the civil rights movement, "social responsibility" became a watchword used to judge corporations by their publics.

Norb Berg was given the task of defining Control Data's role by company president William C. Norris. Norris knew the answer was jobs, not charity. A program to train and hire the hard-core unemployed of the Northside would be a constructive response to the social and economic problems of at least one inner city area. It would also help fulfill Control Data's Title VII and EEO obligations, as well as meet the company's needs for a growing, skilled work force. In the security of Bloomington headquarters, Berg searched for a plan in response to Norris's directive -- a solution to events miles distant from the cornfields surrounding Plant One.

Understanding The Problem

By the 15th of March, 1967, Berg had taken the first step in developing a training and hiring program. In a memo to Norris he wrote:

"WCN, my SCUM team has been formed (Special Corps for Utilizing Marginals)...I suggest we not involve or even tell a line operation for a little while--they'd get scared. I'd rather wait until the study team has some advantages and benefits to talk about and some bugs thought out...NRB."

The report of the study team was discouraging. In an effort to make the program more acceptable to line management and less of a financial drain on the company, the SCUM team investigated sources of city, state, and federal aid for training the disadvantaged. They concluded that few options were available and none were likely to defray the costs of such a program.

Regardless, Berg and his staff increased their efforts on a project that the rest of Control Data management knew little about. Ed Vargon, director of labor relations, sought more information on funding; Pat Conway, responsible for all company facilities, looked into suitable training sites; Byron Johnson began studying benefits and compensation; Roger Wheeler, director of corporate personnel services, took on overall coordination of the project, now re-named SPUD -- Special Project for Utilizing the Disadvantaged.

The first indication of a change in management philosophy came at the annual planning meeting in June, 1967. In his presentation on corporate goals and direction, Norris remarked:

"Another topic today is a matter of our social responsibilities. From henceforth on, it is considered necessary that we set forth this item in our planning and examine it as carefully as we do our R&D...It is certainly going to be true that private companies are going to have to do a great deal more than they are now doing, just as they pay more taxes today than 30 years ago. It would appear to me to be to the advantage of private enterprise in general, and Control Data in particular, if we can somehow take the lead in providing the government direction with respect to the proper role for industry in the employment of the underprivileged."

Project SPUD took shape in the Summer of 1967. Plans called for a "special" manufacturing facility located in the Midway district, halfway between Minneapolis and St. Paul. Although far removed from the riot-torn streets of the Northside, the site had convenient transportation from both cities allowing inner city residents to be bussed to the plant. There, they would advance from a primary production line teaching basic skills, to a standard production line, where they would gain experience in the new skills and become acclimated to the production environment. Those who performed well on the secondary line would automatically be transferred to one of Control Data's established manufacturing plants in the Twin Cities. The entire training process was estimated to take eight weeks.

The plant itself would be supervised by Control Data's manufacturing function. All applicants would be screened for physical problems. Once employed, they would be paid the legal minimum wage of \$1.60 per hour, supplemented by a very basic benefits package. It was recommended that some benefits not be offered, or held until completion of the training period, to offset the financial risk to the company. It was also recommended that company work rules be strictly enforced.

Although Project SPUD was becoming increasingly well-defined, all planning had been restricted to the confines of Control Data offices. Of those involved, few had seen first-hand the broken and boarded windows of Plymouth Avenue. The final proposal, nearing completion, represented the vision of corporate executives who had limited understanding of the special needs and concerns of those they hoped to employ. Most important, it lacked the essential ingredient for success -- involvement of the Northside community.

As project director, Roger Wheeler knew he had to consult the experts. He sent for and read literature on the civil rights movement, inner city problems, and minority employment. He contacted other companies involved in community projects and made plans to visit their operations, notably Aerojet General and their tent-making factory in Watts. Finally, he took the first step in introducing the city's ghetto to Control Data.

Wheeler went to Edgar Pillow, director of the Hennepin County Office of Economic Opportunity. Months earlier, Pillow had advised the company in its efforts to bus inner city residents to the Arden Hills manufacturing plant. He warned Wheeler that the Northside community would be suspicious of the company's motives. Too often, well-meaning organizations had attempted to buy off the problems of the Northside with cash. Wheeler understood that the program would succeed only if community residents wanted the company's help. Before Control Data could go to the Northside with job opportunities, it had to be invited. Within days, Ed Pillow was able to secure an invitation.

SPUD took a new direction in September, 1967, and a new name: Project PUSH, an acronym for Providing the Underprivileged Self-help. Major design changes had been made in the proposal, indicating a growing sensitivity by Wheeler and his team to the needs of the inner city. A new objective had been added,

"to overcome the barriers, both real and psychological that prevented hard core underprivileged individuals from seeking and obtaining jobs."

This objective would be accomplished through special training, counseling, and little or no pre-selection of employees based on work record or references. The most significant change in

the new proposal was its recommendation for a plant location. Wheeler became convinced, after his discussions with community leaders, that the proposed Midway site was no longer feasible:

"It has been pointed out to us by local 'experts' that a location away from the geographical heart of the ghetto community will be viewed as tokenism, or at best a half hearted attempt to help without desire to go 'all the way' to make it work. Once the project gets this image it will go the way of so many other projects which limp along without really breaking through. For this reason it is recommended that this manufacturing facility be located in the ghetto area on the near north side of Minneapolis."

A degree of caution remained in the proposal, however. Faced with the unknown, project planners wished to avoid risk of failure at all costs. The primary objective of the plant remained training disadvantaged persons for transfer to other Control Data operations. The product to be manufactured, logic chassis and trainers, would be produced for inventory only, rather than for specific orders with critical delivery dates. Because the product was currently in production at other plants the Northside facility would be a secondary source of system components rather than a primary one. Finally, to minimize the risk of losing a significant investment, manufacturing space would be leased rather than purchased.

Project PUSH went before the company's Executive Council on October 3, 1967. Norb Berg and Roger Wheeler presented the proposal, confident that all aspects of the project had been thoroughly researched with the inherent risks minimized as much as possible. The planning team could not have anticipated the president's reaction; what they heard was surprising. Instead of leasing space in an existing building, Norris insisted the company make a long-term commitment to the community by investing in a permanent plant -- a new one to be constructed by Control Data. Assembling a component destined for surplus inventory would do nothing to bolster the pride and motivation of plant employees. Three executives were charged with locating a new product with the directive that it be one the company had to depend on. He suggested that a Control Data Institute, the company's computer vocational school, be constructed near the plant site to assist in employee training. Finally, employees need not be transferred to other operations if they wished to continue working in their own neighborhood.

Now the project took on a new kind of risk. No longer was it solely a consideration of financial investment. All safety measures had been stripped from the proposal. At stake now was the company's credibility.

The Northside Plant

Planning began immediately. First, temporary quarters had to be leased quickly and outfitted in time for public announcement of the project. An old brick building on Bryant Avenue was found to be ideal for manufacturing and work crews began transforming the interior. Meanwhile, Pat Conway began the hunt for available land suited to a new, permanent facility.

After investigating the needs of the company's operating areas, peripheral controllers were chosen as a more appropriate product. Controllers required different levels of assembly skills, thus allowing advancement opportunities for employees, as well as being a necessary component of Control Data's computer systems. It was a critical product with tough performance standards. Responsibility for meeting these standards at the Northside plant fell to the computer manufacturing organization.

The question of who was to run the plant remained to be answered. Community leaders were adamant that the Northside plant eventually have black management. Those responsible for making the plant profitable, however, wanted an experienced Control Data production manager. George Wright, a white, was transferred from the company's Arden Hills manufacturing plant to supervise beginning operations. The issue was temporarily

resolved when Amos Haynes, a black engineer in the company's Aerospace Division, expressed an interest in changing careers and transferring to the Northside plant. Haynes was hired as Personnel Manager.

November 27 was the target date for public announcement and Gordy Wise, Public Relations Director, had made elaborate plans for the event. After reviewing the plans, Norris wrote,

"We have an unorthodox project which we are handling in an orthodox way. Whitey's way?"

When called on for advice, Ed Pillow suggested that no politicians, state or federal officials be invited to any ceremonies launching the project. Acceptance of support programs by inner-city communities was often inversely related to the amount of publicity and notoriety gained at the time of a program announcement. It was agreed that a quiet, simple statement spotlighting the community rather than the company would be most appropriate.

On the morning of the 27th, Ed Pillow called a press conference at his office in the Citizen's Aid Building. He announced to reporters Control Data's plan for a permanent manufacturing plant and adjoining Control Data Institute. Norb Berg and Roger Wheeler made a few remarks on behalf of the company and

responded to questions from the news media. It was a quiet announcement, concluded very quickly. Neither the Control Data representatives nor the community leaders could have predicted the reaction that was to follow.

The response was overwhelming. Front page headlines appeared the next morning in both Minneapolis and St. Paul newspapers. The story was picked up nationally by the Wall Street Journal, New York Times, and Business Week. Editorials praised the company for "setting an example for the rest of the community." Hundreds of letters were received from stockholders, employees, and interested citizens. Telegrams came from the state's senators, members of congress, and Vice President Hubert Humphrey. Most welcome were the inquiries from other company executives, expressing interest in developing their own programs. Minneapolis mayor, Arthur Naftalin was angry, however. As an elected official, he had not received an invitation to the press conference. Naftalin first became aware of the project when he opened his morning newspaper on December 28.

Meanwhile, as plans pushed forward on the Northside plant, word had come from the company's Washington, D.C. office that federal funding would be available for training programs in

ghetto areas. City governments would receive up to \$400 million in the summer of 1968 to administer local contracts. On October 2, 1967, the funding program was officially announced as President Lyndon Johnson's Test Program to involve private industry in creating jobs for the hard-core unemployed. Unfortunately, the funds were targeted for a select number of cities--Minneapolis was not included. However, when the Northside plant story was picked up by national newspapers, a phone call came from William Zisch at the Test Program offices in Washington, D.C. Zisch, an executive with the Aerojet General Corporation, had agreed to take leave from his position and serve as Special Representative for the Test Program. Faced with difficulty in convincing private industry to develop programs in the target cities, he contacted Control Data upon hearing of its project. Zisch promised federal assistance and "one-stop service" in obtaining grant approval--a rarity for the slow-moving bureaucracy sponsoring the Test Program. Although committed to the Northside project, Wheeler assigned several of his staff to begin drafting a grant proposal.

If a contract was to be won, the proposal had to include plans for basic education and pre-vocational training, as well as testing measures to insure compliance with the overall objectives of the Test Program. Wheeler assigned Dick Conner, personnel research consultant, the task of establishing personnel services for the Northside plant and developing a system to meet documentation requirements.

In early December, flyers were posted throughout the Northside community preclaiming "Job Openings Now--For You!!" Males and females over 18 were invited to apply at the Bryant Avenue plant. A desire to work was the only job qualification required.

Preparations intensified as the first day of interviews approached. Recruiters were borrowed from other Control Data locations and put through special training sessions. Conferences were held with community leaders to resolve wages, interview guidelines, and the application form. Discussion centered on the hiring of applicants with felony offenses. Meeting participants agreed that only morals charges would prevent employment. Guidelines were finalized on a late Friday afternoon. Dick Conner took the agreements back to corporate headquarters and over the weekend devised an application form ready for delivery to the plant Monday morning.

The doors of the temporary plant opened the morning of December 18. Less than a dozen applicants appeared for interviews. With great disappointment, management sent the specially trained recruiters back to their jobs. Then, the next day, a few more residents submitted applications. Again, in the following days, the numbers increased. By the end of the week, over 250 applications had been filed with a 65 percent ratio of minorities. A point system had been

developed to rate applicants based on economic need. As the waiting list increased, those with the greatest need were singled out to receive the first 15 offers of employment.

Training classes began January 15, 1968. The interviewing and hiring process had gone surprisingly well and now had settled into a routine operation. The search for a permanent site, however, had been plagued with difficulties. Pat Conway and his staff had narrowed site selection to a 5-acre parcel of land in the Northside's Grant Park area. The land was zoned for residential use, but officials from the Minneapolis Housing and Redevelopment Authority were optimistic that it could be rezoned for industrial purposes. Satisfied with the Housing Authority's recommendation, the company began searching for an architectural firm.

Accustomed to acquiring any available property it desired, Control Data was unprepared for the community's reaction to the proposed site. Northside residents were vehement in their opposition, convinced the plan would destroy the hoped-for residential quality of their neighborhood. Believing that they had little to lose, the community threatened to build a human blockade around the site. The company insisted that the site was the only feasible property available given the construction

timetable. Soon the Housing Authority, the Planning Commission, the City Coordinator's Office, and the Department of Public Works became involved in the controversy. A compromise seemed unattainable until the City Planning Director offered the land occupied by the Blaine grade school, soon to close permanently. The school provided the solution that satisfied all parties involved. Construction was scheduled to begin after the last day of classes on June 11, 1968.

A funding proposal was submitted to the federal government in early February. It reported that over 400 applications were now on file at the plant. The first employees had advanced to the production line and the second group of hires had started training. Relatively minor problems had occurred and been dealt with. The turnover rate was of concern, however, and a major portion of the proposal was devoted to counseling and other support services to deal with turnover and absenteeism. In total, the proposal requested \$1,530,146 in federal funds to supplement a projected 30 month budget of 4.9 million. In a cover memo to the proposal Roger Wheeler explained:

"...we began this project without any promise of federal assistance, and we continue to implement this plan still without assurance of receiving such assistance. This does not mean, however, that federal assistance is not desired or necessary. The federal assistance for which we have applied will assure the success of the project not only in terms of the objectives we seek for the hard-core unemployed in the community, but will assure success in the eyes of our stockholders who, of course, ultimately finance this project."

What had been promised as "one-stop service" eventually took almost four months to achieve. Roger Wheeler made four futile trips to Washington, D.C. in an attempt to break road blocks in the approval process. He was accompanied by Dick Thomas who, as manufacturing manager of the Arden Hills plant, had overall responsibility for the Northside facility. After the fourth trip, Thomas refused to go again. Wheeler made three more visits to the Test Program offices before Control Data's proposal was accepted. Finally, on May 10, 1968, Norb Berg was notified by Stanley Ruttenberg of the Department of Labor that Control Data had been awarded a 30-month contract with the federal government for a total amount of \$1,077,259.

The Task Force on Social Problems

The Northside plant had been in operation for three months when, on April 4, 1968, Martin Luther King was shot and killed. The following morning, riots erupted in Washington D.C. That same day, April 5, Control Data issued a news release announcing the purchase of property near McClean, Virginia, just miles from the riot scene. In describing plans for the property, the release stated:

"The 53-acre tract will house a campus-like complex of buildings designed to blend with the natural beauty and prestigious environment of the McClean community."

The irony of a new campus-like complex only a short distance from the ghetto fires made an immediate impact on Bill Norris. In a lengthy memo to top management, he called for a reassessment of the McClean land purchase and of the company's involvement in social problems as a whole:

"The recent death of Martin Luther King and the aftermath of rioting in the streets forcefully points up the need for re-evaluation and, undoubtedly, acceleration of actions by business to help in a major way to solve some of the more urgent social problems."

A meeting was convened on April 16 to discuss Norris's memo. Seven of Control Data's top officers attended, representing both staff and line operations. After hearing ideas and opinions, the group concluded that more efforts were required not only in the community, but also within the company. It was agreed to form a task force, chaired by Norb Berg, to propose a cohesive strategy for addressing social problems. The first plan of action would be a new plant in the Washington D.C. ghetto.

As the task force began its investigation in the summer of 1968, Control Data passed the halfway point of what was to be one of the most significant years in its history. Negotiations had just been completed for the acquisition of Commercial Credit Company, an Eastern financial lending and services concern, crucial to Control Data's growing need for capital. The

company's computer design engineers were gearing up for announcement of the 7600, a machine with unmatched capabilities that would reaffirm Control Data's leadership in the super computer market. For many months, the company's legal counsel had been compiling information supporting management's belief that IBM, its chief competitor, had been engaging in unfair marketing practices. A decision now awaited whether to begin a long and costly legal battle against the giant. Revenues had reached \$387 million for the fiscal year just ended in June.

Those who planned and implemented the Northside plant were small in number. To the rest of Control Data management, not actively involved in the project, the Northside plant was a nice gesture that fulfilled the company's social obligations. Many thought it was time to direct attention to more pressing business needs. This attitude was to undergo a gradual change initiated by the final report of the task force on social problems. Issued in September 1968, the report viewed the Northside plant as only the first step in a series of activities aimed at addressing critical social problems. It recommended a long-term commitment to training and hiring the hard-core unemployed, recruiting minority individuals for supervisory and managerial positions, and establishing a permanent presence in selected ghetto communities. Accepted by Control Data's Executive Council on September 24, the recommendations signaled a major change in company philosophy and forecast the evolution of a new business strategy.

Capitol Plant

Establishing a plant in the Washington D.C. ghetto would prove to be a far greater challenge than the Northside plant. There, practical knowledge and an appreciation of inner city problems were lessons learned over time. In Washington, time to gain understanding of problems unique to the D.C. ghetto was a luxury Control Data did not have. Many programs had been attempted and had failed due to poor planning and unwillingness to take the necessary risks to insure success. Company management accepted the risks but also recommended that,

"plans should be much more detailed and should be initiated well in advance so that progress can be made at a measured and deliberate pace."

The same team responsible for implementing the Northside plant was directed to take on what had come to be called the Capitol plant. Roger Wheeler once again initiated activity by contacting political and community officials in Washington D.C. Many had never heard of Control Data, nor its work in the Northside community, yet were receptive once convinced of the company's sincerity.

The major obstacle to overcome was selection of the most appropriate site for a permanent facility. Three choices presented themselves: the Anacostia neighborhood in Congress

Heights, a neighborhood called the Far Northeast, and the Model City. Although all three were considered ghetto areas, only the Model City community had experienced rioting, burning, and looting in the aftermath of Martin Luther King's death. Ninety percent of the area's population were minorities; 32 percent living below poverty income levels. With the highest traffic in drugs and crime, the community had become a focal point for numerous government and private aid programs. Based on the availability of government funding, and a cleared land site already targeted for industrial use by the D.C. Redevelopment Land Agency, the choice was narrowed to a section of the Model City known as Northeast One.

The Capitol plant was officially announced on November 13 by D.C. Mayor Walter E. Washington in his office. By having the city's Concentrated Employment Program call the press conference, attention was once again focused on the community rather than Control Data. To reporters, Roger Wheeler described the temporary facility that would employ up to 200 residents of the Northeast One community until completion of a permanent plant. Electronic modules and subassemblies would be manufactured in the initial phase of operations; once in the new building, production would advance to completed peripheral equipment. To assist employees in making the transition to a more complicated product line, a Control Data Institute would be established nearby.

Applicants for Capitol staff positions were interviewed over January and February of 1969. Community agencies were pleased with the number of minorities represented in supervisory and support staff positions once final selections had been made. Hiring of production workers began in March and was handled using the same methods proven successful at the Northside plant. The entire operation reported to Control Data's Rabinow Laboratories organization in Rockville, Maryland. Owing to experience gained a year earlier in Minneapolis, the process of taking the Capitol plant from announcement to start-up had been relatively smooth. Yet, Control Data management understood how different the two efforts were. In a handwritten note to Norris, Norb Berg wrote:

"WCN: Thought you'd like to know our female employees at the Washington ghetto plant -- the first staff ones who are out and around the community -- all carry tear gas pens. That's the ballgame we're in. NRB"

People Vs. Profit

While the Capitol plant opening commanded management's attention, problems began to surface at the Northside facility. Signs of trouble were first noticed by the Personnel

Research staff. For months, attempts had been made to measure production efficiency, gauge employee attitudes, and collect data to meet federal funding requirements. Few projects ever went beyond the proposal stage. Dick Conner's staff informed him that they had been unable to convince the plant's line management of the value gained from such research. Projects were rejected on the grounds that they conflicted with employee duties and production deadlines. At the same time plant turnover was increasing dramatically as overall productivity declined. When the Northside plant concluded its first year of operation, Norb Berg asked Roger Wheeler to organize a committee to evaluate the plant's progress and investigate reported conflicts before they became insurmountable.

As a first step in discovering the source of plant problems, a graduate student in industrial relations was hired to monitor turnover, absenteeism, and employee morale. Gary Lohn set up shop on the plant premises and began making weekly reports to Dick Conner. At the same time, Wheeler's committee began looking at creative programs to motivate employees, enhance training and increase the sensitivity of plant management.

By the end of March 1969, some progress had been made, but in reality the competing philosophies of plant management and

personnel services had not yet been resolved. In a memo to Wheeler, Dick Conner warned that unless steps were taken to correct the situation,

"...all of our efforts will be unsuccessful. We will eventually lose credibility in the local and industrial community because of this failure. Worst of all, we will have missed an excellent opportunity to demonstrate that hard-core individuals can effectively be employed in a "real" industrial environment."

It was a question of priorities. Was Control Data's first commitment to its Northside employees -- to help them achieve constructive employment, regardless of risk or cost? Or was the primary goal of the plant to produce a quality product, meet schedules, and reach profitability? When asked how to balance people goals versus profit goals, top management insisted that both were not only attainable, but also complementary. For the first time, inner city programs were occasionally referred to as "socio-business ventures" in reports and correspondence.

Joint goal setting meetings were scheduled by Roger Wheeler with plant and operations management. People goals were put into quantitative terms and the Northside hiring philosophy was reaffirmed. Plant management was advised to create an atmosphere of trust through flexible rules, employee education and communication programs, and ongoing interaction with the Northside community.

In the months that followed, significant support services were finally implemented. The plant's counseling staff was expanded to five full-time counselors to assist 420 employees. New employees were counseled during their first week of employment, once during the second week, and once monthly for the duration of the training period.

Attorneys fresh out of law school were provided free of charge by the Oppenheimer law firm to assist Northside employees two after- noons per week. The majority of the cases handled involved creditor-debtor problems, landlord-tenant relationships and consumer protection. Financial assistance was provided by Commercial Credit to those employees who found it impossible to obtain loans because of poor credit history.

A Monday at the Northside plant always had the highest incidence of absenteeism. Too many employees had been arrested over the weekend. Gary Lohn arranged an agreement with a local insurance company for a checkbook of bail bonds used to bail employees out of jail at the start of every week. Eventually, the Hennepin County judge became so accustomed to Lohn's visits that posting of bail was no longer required.

A serious problem for female employees, particularly those who were heads of households, was the lack of adequate and reliable childcare facilities in the community. The need for daycare services contributed to the plant's increasing turnover and absenteeism rate. Once approved, steps were taken to acquire

a facility and the necessary equipment, conduct staff training, and develop a pre-school educational program. The Northside Child Development Center opened in August 1970, only two blocks from the manufacturing plant. In time, seven other local business organizations joined with Control Data in a consortium to finance and manage the childcare center.

Similar support services were established at the Capitol plant, although on a more limited basis owing to the large number of federal assistance programs already available to Model City residents. People versus profit conflicts developed and had to be resolved at the Capitol plant as well. There, the problem was compounded by periodic plant crises including heroin dealing and evidence of serious narcotics use among employees. Each crisis was dealt with swiftly and aggressively, yet with fairness to the plant population. Eventually, the original line management of both the Northside and Capitol plants had to be removed in favor of replacements more supportive of the company's inner city plant philosophy.

SELBY AND CAMPTON

Encouraged by the success of the innovative programs instituted at the Northside and Capitol plants, Control Data renewed its commitment to providing jobs in poverty-stricken communities.

Bill Norris had a special concern for the impoverished people of the Appalachian Mountains. In the spring of 1969, he asked Norb Berg to investigate the feasibility of a rural plant along the backroads of Kentucky. Berg's staff researched several suggested locations and with the state's industrial development people narrowed selection to two possibilities. When Berg flew to Kentucky to inspect the choices, he found comfortable well-maintained little towns where needs were not great enough to warrant a Control Data plant. Berg made it clear that Control Data was looking for a poor town, severely distressed and in great need of a plant. Redirected, the Industrial Development officials flew Berg to a place called Campton.

Campton was the county seat of Wolfe County. Located in the rural Kentucky Appalachian Plateau, Wolfe County had one of the lowest per capita incomes of any county in the United States. Yearly family incomes averaged well below the federal poverty level of \$3,000 dollars. Some residents reported no source of subsistence whatsoever. Campton was the town Norb Berg was searching for.

The Chevrolet dealership was its largest business, serving a total population of 500 people. Marvin Green, the owner, had begun construction of a new 11,000 square foot garage at the

time of Control Data's visit. When convinced that his business would improve if the lives of his neighbors improved, Green agreed to lease his new building for manufacturing operations.

The plant opened in September, 1969. Three weeks into production, Campton shipped its first product, wire cables, to Control Data printer operations in Rochester, Michigan. From the start, production volume and employee aptitude exceeded all expectations. Turnover and absenteeism rates were negligible.

The community took great pride in their plant. Patches of flowers were planted around its entrance. An employee club was formed, called the "Live Wires". In the winter many braved mountain snowstorms on foot just to punch the clock on time. When the plant passed the four month mark in February, 1970, Campton, Kentucky had 135 newly employed residents.

Back at company headquarters, Norb Berg had become a member of the St. Paul Urban Coalition. Minority employment was of major concern to a special committee of Coalition members.

Co-chaired by Berg and Steve Maxwell, a black judge, the committee sought ways to increase job opportunities for St. Paul black residents. As a result of his involvement in the Coalition, Berg recognized that most state jobs programs had ignored a key segment of the population. This group consisted of mothers with children at home, and students obligated to pay

for their own education or supplement the family income. Both the mothers and students were unable to take on the responsibility of a full-time job, yet desperately needed some form of income.

Berg approached Norris with the concept of a plant for part-timers. He suggested a location in St. Paul's inner city, an area referred to as Summit-University. A small electronic assembly operation could employ mothers during the day, arriving at work after their children had left for school, and ending the shift before their children returned home. Production would continue at the start of the second shift when high school, college, and trade school students arrived after classes. Norris responded favorably to the idea and directed Berg to make the concept a reality.

By February 1, 1970, 68 homemakers and 90 students had applied for jobs at a converted bowling alley on Selby Avenue. Training in the skills necessary to produce 669 tape transport exercisers began the next two weeks for 15 individuals from each group. Selection of the students proved to be more difficult because the majority did not demonstrate the economic need shown by the homemakers. Production was set to begin in mid-February, with the day shift finalized at 9:00 a.m. to 2:30 p.m. and the afternoon shift from 3:00 p.m. to 6:00 p.m.

In total, Berg promised the community 100 part-time jobs, knowing he could probably deliver many more. Then, within weeks, the entire electronics industry suffered a steep slump, and the market for the plant's product dried up.

The Recession

The 1970 recession had hit the computer industry. Computer sales slipped, orders were cancelled, and customers delayed deliveries of equipment. Soon, other computer manufacturers substantially reduced their OEM orders for Control Data peripheral products. Management was faced with consolidating organizations, imposing cutbacks, and announcing layoffs.

There was a great fear of layoffs among the company's poverty area plant employees. Many assumed their plants would be the first to suffer work force reductions. Control Data had worked hard to earn the trust of the Northside, Model City, Campton, and Summit-University communities -- but now that trust was in question. In hard times, would the promises of training, good wages, and better opportunities be forgotten?

In a memo to Norb Berg, written April 20, Roger Wheeler wrote:

"Late Thursday it became evident that 60-80 layoffs would be necessary at the Northside plant...Apparently schedules continue to vaporize. The amount of work transferrable from places like Cambridge and Faribault turned out to be far less than anticipated...There is no product available from other Control Data locations. This memo is to inform you and the Executive Committee in case there are other alternatives..."

The Executive Committee agreed that no dissolution of the company's equity in any of the plants would be contemplated or even discussed. Steps would be taken to keep all four plants in operation with minimum layoffs. Capitol plant employees accepted a two week company-wide vacation without pay; Campton went on a four-day work week; and Northside employees took ten days off without pay, as did all Control Data computer business employees.

The Selby facility, meanwhile, had no product and very few employees. Yet, because a commitment had been made to the St. Paul community, a new product had to be found. Berg called a meeting of his staff to brainstorm product ideas. Few were forthcoming, until Herb Trader suggested a bindery. Trader reported to Berg and had responsibility for a package of corporate services including publications and graphic arts. He saw a need for a collating, binding, and mailing operation to support the publication of equipment and software manuals, annual and quarterly reports to stockholders, newsletters, and many other company documents. Trader's idea met with immediate acceptance and proved to be an excellent means of maintaining credibility with Selby employees.

1970 was a difficult year to weather. However, as attention focused on cutbacks and layoffs, several milestones were achieved. In June the Northside plant successfully concluded

its 30-month Test Cities contract with the Department of Labor. The contract goal of hiring and training 270 disadvantaged individuals was not only met, but exceeded. During August a new contract was negotiated and accepted. At Selby, adherence to production schedules passed 100 percent by the end of the year; not one complaint of poor workmanship had been received. The federal contract period for the Capitol plant was moving toward a successful conclusion; a draft was in progress for a second funding proposal. Plans were also underway for construction of Capitol's new, permanent facility. And in Kentucky, the Campton plant had ended its first year with a profit.

1972 ANNUAL MEETING

As fiscal year 1971 came to a close, Control Data reported that three of its four plants located in low income and inner city areas were operating profitably. It would be a number of years, however, before the Capitol plant could be considered a sound business. The obsolescence of its first product, peripheral card equipment, and the unexpected cancellation of the WMATA* subway system contract, for which Capitol would have provided manufacturing support, resulted in an unstable situation at the plant.

*WMATA = Washington Metropolitan Area Transit Authority

The continual search for a new product caused a decline in productivity, increased the need for additional training, and had a negative impact on employee morale. In time, these initial obstacles were overcome and Capitol joined its sister plants as a productive and profitable operation.

On May 3, 1972, Bill Norris stood before Control Data's stockholders and reflected on the company's five-year effort to create jobs for the disadvantaged. He reminded his audience that Control Data's involvement in addressing social problems was not solely for altruistic reasons, but also because it was the "right thing to do, and in the best interest of business to do it."

Norris then announced the creation of a Corporate Committee for Social Responsibility. The committee was chartered to define and communicate company policies and programs for hiring minorities, the disadvantaged, and females; placement of inner city and rural poverty plants; daycare; educational aid for research and scholarships; charitable contributions; minority enterprises, and employee counseling.

Chaired by Norb Berg, the committee's first task was the preparation of a report on Control Data's efforts to date. Titled "Our Corporation's Contributions to Solving Social Needs", the report was sent to stockholders several months after the annual meeting. It described the Northside plant and the Child Development Center, quoted Capitol employees on their jobs, featured photographs of the Campton facility, and reported a total payroll at the Selby Bindery of \$230,000. Finally, on the last page, the report summarized what had been learned in five years -- what had been achieved by risking much more than the company's financial resources:

"Clearly, our endeavors have not been without serious difficulties, honest mistakes, and lack of knowledge. We have sought advice and counsel from, and fortunately found it willingly given by, individuals too numerous to mention -- community leaders, neighborhood agency heads, government agencies, other business firms, and certainly our own employees.

We admit having our share of failures, but also our triumphs. And we remain convinced that our decision to take plants and their job opportunities to people who because of their race, color, or geographic location have not found them accessible is among the best decisions we ever made. Aware of our shortcomings, we know how far we have to go before we'll be satisfied with our work, but we are satisfied that we are moving in the right direction."

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Norbert R. Berg

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Gary H. Lohn

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- Former executive director, Phyllis Wheatley Center,
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