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ORAL HISTORY INTERVIEW

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Oral history interview with Lee P. Estes
[full name of interviewee]

about Support Contractors & support service
[main focus of interview]

role ; NASA-Contractor relationships

Title: Lockheed Company official
[interviewee's current and/or former title and affiliation]

Interview conducted by Robert B. Merrifield, Staff
[interviewer's name/position]

Historian at MSC Lockheed?
[location of interview]

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Biographical - [date/place of birth; family background] _____

Education - _____

Career Path - _____

Topics - Lockheed Co of Houston; high proportion of
skilled people needed at MSC; ^{Lockheed} employee
referrals solicited; Houston image; contractor
employee identification and company
affiliation awareness; misunderstandings
between NASA & Contractor personnel
over job responsibilities & assignments;
Challenges of work w/ NASA; "non-
privating" agreement among NASA contractors;
Lockheed employees not unionized;
Lockheed penetration of non-NASA markets;
employee turnover rates - 1966 & 67.

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Interview with Lee P. Estes
7/19/68

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The traditional role of skilled scientific personnel is to have their skills utilized in a pure sense rather than having an exposure to a customer. Normal background and training of personnel in the universities and in initial employment is to equip an individual with how to utilize his skills in the marketplace. A young man wishing to be a salesman who perhaps has had some training in selling techniques and how to persuasively present his product and services to a customer and otherwise develop a customer orientation. In this environment, as a support service contractor to MSC, we are contractually obligated to perform services involving a wide variety of technologies, and employing large numbers of personnel who have never needed to understand what we call an interface relationship. This interface intrudes into virtually every level of management as well as affecting the ordinary employee within the Lockheed Company of Houston. Unlike in a normal industrial environment where the industrial relations manager has contact with management and the employees but seldom has contact with the customer, in Houston he has regular contacts of this type in the form of presentations and discussions. So an employee either recognizes this unique situation and accepts it as a challenge, or refuses to recognize the situation or refuses to accept it as a challenge. Obviously it's the latter type that creates personnel problems for us either through creating unrest within the organization where he works or through turnover. Consequently Lockheed management has emphasized to its employees what is involved in a support service role and that our aim is to please our customer. We point out that this is a new and exciting opportunity for them

to learn to be effective in such an environment. When approached in these terms, it no longer appears to be unique because whether we are in the merchandising business, the aircraft business, or home building business our ability to please our customer is the sole basis on which we survive. We have communicated this philosophy to our employees through training programs, through the management chain, through the medium of the house organ, and through normal supervisory staff meeting contact with employees.

384-3 This problem would probably not have occurred in a small operation because the nucleus of Lockheed management at the date of contract inception understood this philosophy. They had been working in a support service environment for a number of years. However, we had 2 contracts of a major nature where performance was immediately necessary and in order to provide requisite service we had to hire a large number of employees. We increased our staff from about 300 to 1800 in approximately two years.

3 84-3 In a traditional industrial environment there is usually a preponderance of production workers and a correspondingly small number of people in the scientific and management areas. However, in this environment approximately 50% of our staff are either management or engineers, scientists, and programmers. Of the remaining only a small number are clerical, with the bulk of this group being highly skilled information processing, electronics technician-type personnel. Approximately 2/3 of the work force have college training and over 1/3 have degrees. This need for highly skilled personnel generated a recruiting problem of tremendous proportions since the Houston area prior to the arrival of the MSC was predominantly

oriented to oil and chemicals rather than the aerospace industry, and were not generally familiar with the MSC programs or the support service role. Since management was faced with the necessity for realizing its staffing goals in a timely manner, for some time staffing was the key issue. It was talked about at staff meetings, it was discussed in bulletins, and otherwise made a subject matter of concern at every opportunity. Fortunately, we had the cooperation of our employees. Instead of having only 6-8 technical recruiters, we had the entire workforce serving as recruiters. Over 300 employee referrals were hired. This is an advantage, as in staffing an organization the best salesmen are your own employees. Most of our employees came from the southern part of the US--from California to Florida. We have recruited in the north and northeast for certain highly specialized skills with a modicum of success, and we've appealed to such people not only from the space program job opportunities standpoint, but also in the old spirit of go west young man. It would appear however that people from these regions are not really interested in living in the Houston area. Until recently, I think the City of Houston has projected a very poor image and has not done as good a job as it could in conveying the pluses of living in the Houston area. Houston seems to have allowed itself to be portrayed as a dry desert country occupied primarily by a bunch of cowboys. In the last few years the City has done a much better job in presenting itself to the public, and the MSC contractors here have done an outstanding job through their advertisements in technical publications, of portraying what living in the Houston area is like.

At one time the race problem may have been a negative factor but with the general situation of riots without regard to region, I don't think this has any significance now.

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Another problem for the MSC support contractor is to keep his employee aware of his company affiliation. We have approximately 1,800 employees working at EAFB, the MSC Site, and in several buildings off Site. We probably have personnel in 25-30 different buildings. We have no special means of distinguishing a Lockheed employee from other personnel, as all are required to wear the same type of badge for security reasons. On some assignments our personnel work closely with NASA or other contract personnel on a day-to-day basis and in such a situation a company identification is secondary to a role identification. At one time this posed a problem because we wanted him to be aware of the fact that he was a Lockheed employee, but not to imply that allegiance to the company was at the sacrifice of carrying out the role of the assignment. We allow supervisors to use their judgment in assigning their people and we urge them to use people who are loyal and devoted to the company, but who are equally enthusiastic about completing the assignment for the customer.

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At times there are misunderstandings between the customer and the contractor on contract definition. Such misunderstandings are formally reviewed by the management of the concerned parties. Where NASA has brought in new people to perform an assignment and at the same time we've brought in new people to perform support service work, on more than one occasion we've had misunderstandings between individuals.

I can't recall any occasion where we haven't been able to resolve these differences. The general problem has been mostly in not understanding each other and what each other's jobs were, rather than any basic disagreement in philosophies. I think these differences occur naturally in an operation similar to the one we started here. These differences are all inherent. Recognizing this fact and being able to resolve these differences is indicative of a maturing process. In a similar manner we have had some NASA personnel attempt to bypass the Lockheed management chain and give assignments to our employees without giving them through the supervisor. Needless to say this creates a problem. Here again it's a matter of a maturing work force. Such an event will continue to occur any time untrained personnel or new personnel are put into an assignment without adequate orientation as to their role in this particular job environment.

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Because of the tremendous demand for skilled personnel in this country and because such demand far exceeds the supply, industry in general has been anxious to hire people as fast as it can and to establish programs that make employment as attractive as possible. However, the benefits provided for our employees at Lockheed Corp are the same benefits offered to all other Lockheed employees regardless of location. Our inducements have been principally to work with a large and successful technology management group that is aggressive and productive, and also the inducement of working at the MSC on the frontier of technology. We have emphasized that for those who are interested in going to an environment where there are many and varied technical, managerial, and systems problems, that this is the place to be, but it is not for those who prefer to have everything already worked out and reduced to a cookbook

approach. Personally, I think having an opportunity to work in this type of situation offers the young engineer, programmer, or administrator, the best possible opportunities for professional growth and development. Our presentations have sought to generate enthusiasm and to accentuate the positive rather than to concentrate on the negative.

✓✓8 The tremendous demand has made it necessary for all the contractors to advertise and make their job requirements known throughout the market place. Consequently, employees of NASA and of the various contractors are aware of what the companies are in the area and what they need. When an individual decides he wants to make a job change, from a personal standpoint it's tempting to walk across the street and submit an application. If he can get a better paying job without having to relocate his family, then he is much better off. At the same time for the company receiving the individual, another staffing problem has been resolved. The temptation to hire from one another has been great, but the companies and NASA have recognized that all of us are here for one purpose and that stealing employees from each other is not going to help us in carrying out this objective. We have agreed that we will not pirate from each other. However, an individual is free to seek employment wherever he wishes to look.

383 Our employees have chosen not to unionize. Lockheed was asked to hold an election for representation in December 1965, at which time a majority of the employees eligible to vote were opposed to the formation of a union. Since that time we have been alert to any rumors or attempts

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to organize. Lockheed isn't anti-union, and consequently we haven't taken any steps to prevent unionization. Rather our philosophy has been let's treat our employees fairly and as we would want to be treated so they will not feel the need for a union. Actually the right to decide whether there will be a union is up to the employees, not mangement. We are always vulnerable to attempts to organize. I would like to think one of the reasons we don't have a union is because we have been treating our people fairly and they don't feel any need for one. Morale is high considering the questions that have been raised as to the size of the NASA budget, the future use of support service contractor personnel, the future of the Manned Spacecraft Center after the Apollo program is completed, and the fact that we are half way through our 5-year contracts. If we don't get more business I would say our morale is going to be affected, which in turn will be manifested in a higher turnover rate as our people begin to seek other employment that offers more stability than we will be able to offer. Since we are aware of this problem we are doing everything possible to penetrate new markets in the Houston area that are independent of any NASA-associated work. It is Lockheed's intent to be a permanent part of Houston. Therefore we are looking at the petrochemical and oil business, where we may be able to provide products or services. We are also looking at other possibilities. We recently entered the mechanical and electronic instrumentation product line and we have established a Lockheed training institute. We intend to vigorously pursue these new ventures along with

any others that offer the prospect of adding more stability to our business base, and encourage our employees to feel that regardless of the outcome of any one contract, they have a good future with Lockheed in Houston.

In general, my observations are that we've come a long way in a short period of time. We've all learned a great deal about our own jobs and about each others' jobs and how to work together effectively. I believe that we will continue to be active in the manned spacecraft program as a country and that Lockheed will continue to play a major role in space. It is with this belief that we approach enthusiastically and with optimism opportunities in the future. We recognize that in the competitive market we may not always win every contract and that in loosing some of our contracts where a large number of people are employed, it is possible we will not be able to place every person with Lockheed in Houston. If such an occasion arises, we will make every effort to offer suitable employment to such personnel at other divisions in the corporation.

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The turnover rate in 1966, the first full year, was 3.6%. In 1967 it dropped to 2.9 and so far this year it's 2.6%. Our turnover factor includes those that we terminate for prolonged leaves of absence and transfers to other divisions of the company. Since these categories amount to about .2%, our real loss is about 2.4% per month so far this year. The turnover rate has been a subject of concern because the rate is high when compared to industry generally, but normal industry rates are not composed in a support service environment. We have not been able to locate any statistics that would tell us what is a satisfactory turnover rate in a support service environment. One spokesman at the NASA

Huntsville facility advised me that 3% per month was considered normal, 4.0% was alarming, and 2.0% would be remarkable. Add to this the dimension of a new work force which must mature, out of which unsatisfactory performers must be eliminated, and the people who don't like to work in a support service environment, and we come up with a conglomerate of situations that all influence turnover rate. Turnover is healthy if you loose poor performers and unhealthy if you loose your best people. Insofar as our present turnover rate is concerned we are not losing many of our scientists and engineers who are the good performers. As a matter of fact our turnover rate among salaried personnel now compares favorably with normal industry rates. The higher turnover has been in the non-exempt category where we have new people entering the market. They are uncertain about their future and what they want to do. We also have a number of clerical personnel who resign to marry, to have a family, or whose husbands are transferred out of town. We believe that as long as we continue to monitor our turnover rate, which we do on a weekly basis, by reviewing the cause of each separation, by continuing to have good employee benefit and compensation programs, and by continuing to improve the performance of our management, by continuing to treat our employees fairly, and by generally maturing as a workforce, that our turnover will continue to be at a satisfactory level.