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VAN DINH THO.....

Report on the Visit to
New York Central System
(September 9, to September 11, 1959)

ORGANIZATION OF THE NEW YORK CENTRAL SYSTEM

The organization of the New York Central System encompasses a shift from a strictly departmental to a divisional organization and embraces a number of improvements in other departments. Under this plan there are three levels of management, organized in accordance with line and staff principles.

1. Headquarters level

This includes the office of the President and the headquarters of each of which is responsible to the President.

2. District Level

In order to carry out effectively their assigned responsibilities, certain departments are organized into districts. The operating department is organized into four districts, each under a general manager. Several other departments such as law and sales are also organized on a district basis.

3. Division level

The major operating functions of the railroad are carried out on the divisions. Each division is headed by a superintendent who is responsible to the general manager.

Line and Staff

Departments classified as line are: operating, freight sales and services and passengers sales and service. All other departments are classified as staff for purposes of organization clarification.

Kinds of Staff

There are several kinds of staff on the New York Central System:

1. General staff -- Such staff is located in the office of the President. The general staff officers assist the President in carrying out system-wide activities, act in an advisory capacity to him, and assist other departments in the coordination of inter-departmental plans, policies, programs and procedures.
2. Functional staff

2. Functional Staff -- The headquarters staff officers are the top authorities in their respective fields. They have responsibilities each in his particular area. Functional staff departments perform: Central services for the railroad such as purchasing or accounting; planning, coordinating and integrating responsibilities at the policy level with other key executives; advice and assistance to the President and his key assistants as well as line and staff personnel in districts and divisions; exercising staff supervision over operations.

Staff supervision covers the following: formulation of major objective policies, budgets, and programs, subject to the approval of the vice president or the president. Development of necessary plans, policies, methods and procedures to assure that major company objectives are carried out; development of standards, to assure proper evaluation and appraisal of operating results; assistance in the selection, development and assignment of key personnel.

The staff officers reporting directly to the general managers perform the same type of functions as those at headquarters. The difference is in scope and work performed.

3. Office Staff -- In addition to the general and functional staff, the president and other key officers have office staffs to aid them in carrying out their day-to-day responsibilities such as special assistants or secretaries.

In general there are three kinds of authority in the New York Central plan of operation, and organization.

- A. Line authority -- This is direct. It flows from a man to his subordinate and is general in nature. Major policy decisions are communicated through line channels.
- B. Staff authority -- Staff authority, including the relationship between staff and line, has been outlined broadly in the above paragraph dealing with staff supervision.
- C. Delegated authority -- Delegated authority is that authority granted to a staff officer to issue instructions which normally would be handled through line channels.

Good line and staff relationships are largely a matter of understanding the basic principle of time and staff and following accepted standards of courtesy on the part of both groups in dealing with each other.

Good staff implies a strong and competent staff which takes an active part in helping the line carry out its plans and programs. A good line man will use staff effectively to aid in line operations. Good staff will not only develop high standards by which the line work will be done but will help the line in measuring effectiveness, appraise results and improving the general level of performance.

A good staff man will keep his superior advised as to the significant development in his area anticipating problems and their solutions. A sufficiently close personal relationship must exist between staff and line men at all levels to insure good results.

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The importance of personnel development must be recognized at all management levels. Staff at the headquarters and districts level will render maximum assistance to the line heads and their staff counterparts at the next level below to insure that there are effective training and development programs.