

The 'Retirement' of PAUL GORMAN

By Barbara Johnson



The Penn Central reported a loss of \$19 million for the third quarter, which although better than the \$40 million incurred in the first two quarters, still added up to a dismal outlook. The world's largest privately-owned railroad has been beset by outmoded equipment, dissension among the ranks, and angry passengers—especially commuters who estimate they lose four hours a week in delays.

Consequently, when the company's prestigious position of president opened up, the problems weren't ones most men would like to inherit, even though the job pays more than \$150,000 a year and offers such fringe benefits as chauffeured cars, a plane, free train rides, and two plush offices. But then Paul A. Gorman isn't most men.

A 1929 Missouri business school graduate, Gorman gave up his job as president of

The first order of business for Paul Gorman is an introduction to his Philadelphia office by Penn Central board chairman Stuart T. Saunders, standing. Gorman also maintains a New York office.



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Western Electric, a well-financed company that is enjoying both economic prosperity and consumer favor as the 10th largest manufacturing concern, and took the Penn Central hot seat on December 1.

"I've made no guarantee," Gorman says. "But I'll give the job a try, and if I can't do it, I don't think anyone can."

That best explains the Gorman philosophy, which was nurtured on a Carrollton, Missouri farm as a boy, and experienced the years of depression, four years of self financing a college education, and some 30 positions from an accounting clerk at Western Electric to the chief operating officer.

Gorman actually had been contemplating retirement. He was 62 in December. He and his wife, Betty, were making plans to spend winters in a Delray Beach, Florida condominium and travel to the Orient, Ireland, and Spain, but somehow the challenge of putting the Penn Central back on its feet got into Gorman's blood. He was so anxious to begin at Penn Central that it wasn't more than a week from the time he stepped out of his New York Western Electric office that he was setting up shop in his new office on Park Avenue.

Acquaintances and subordinates describe Gorman as a man of action—not the genius, not the astute lawyer—but the dynamic type who gets into the action, learns all the vantage points, and delegates orders without arousing resentment. In fact, his mild manner engenders a certain visible admiration and enthusiasm from those under him.

Gorman sees his prime objective as setting a harmonious tone for the Penn Central to work under. "I don't ask anyone to do something that can't be done or that I couldn't do myself. You have to set goals that are reasonable and not run a company by edict."

He also lives by the motto, "don't put off 'til tomorrow what you can do today."

"If I don't get things done today, it goes home with me tonight. There's no room for letting things pile up. New problems arise everyday," he said as he answered a call from the board chairman, Stuart T. Saunders, on the status of a derailment from the previous morning and rumors that some of the executives are wanting to retire early.

Of the 80 top officials at Penn Central, 20 per-

cent of them have law degrees and most of them went to eastern colleges. Gorman admits that even today many of New York's corporate executives don't know the University of Missouri exists, nor do they know its caliber. "But," he says, "I don't think I could have learned any more in any other school, private or public. I had a general background, and I believe to be an effective company head, you need a combination of business and technology, not just a law degree. You have to be where the action is and understand it before you can run a company."

Although Gorman entered Missouri with the intention of becoming a banker ("There were four banks in Carrollton and bankers seemed to be the most successful men in town") his interests in college switched to math and economics with the hope of becoming an accountant.

Recalling that the only morning he ever overslept was the day of his on-campus interview with representatives of the telephone industry, Gorman said he arrived late and was about to leave for a class when they offered him a job at \$30 a week. He took it.

Although the 6-2 Gorman had played basketball in high school, he abandoned most sports and activities in Columbia to work — first firing the furnace in a house on University Avenue, where he lived his freshman year, then waiting tables at the Phi Mu sorority, later in a restaurant, then selling programs at football games, and finally working two years at the Campus Drug Store as cashier and clerk at \$12.50 for a 42-hour week.

"The University offered courses that gave a well-rounded education and put responsibility on the student. We weren't coddled to get our work done." He believes that this air of discipline was the very thing that made people get the most out of education and that one of the unhealthy changes in both education and family upbringing today is this lack of discipline.

"My mother most prepared me for this job," Gorman said. Ironically, though, she used to tell her son to get an education so he could go farther than the track workers pumping past the farm who made their living on the railroad.

That early exposure to the railroad is about the



Gorman and his wife, Betty, relax in their Summit, New Jersey home. They also have a condominium in Delray Beach, Florida.

only encounter Gorman has had with his new industry. He admits to being a novice and says he hasn't even ridden on the Penn Central's Metroliner, a swift turbo train that whisks passengers to and from New York and Washington D.C. That ride, however, was one of his first week priorities.

Although Gorman can now ride free on the railroads, he still plans to drive in from his Summit, N. J. home several times a week and into his New York office once a week. Much of the rest of the time he'll be traveling on Penn Central's 22,000 miles of track in 16 states inspecting service and getting to know his people.

Gorman sees as one of his most heady problems the need to get a profit from the company that has been plagued by the pains of a merger in 1968 that brought together the failing New York Central and Pennsylvania Railroads and this year's addition of the New Haven. He also wants to improve its badly disintegrated image. Passenger traffic is the biggest profit drain, and while Gorman believes there must always be commuter service, he's in favor of ridding the attitude that the public can get something for nothing. In other words, commuters may see higher fares, but more efficient service after Gorman gets a grip on the new job.

As one Penn Central executive said: "Mr. Gorman's been up to his chin getting oriented." He arrived at the office about 7 a.m. each day the first week and averaged 10 to 12 hours, but the new president vows this pace won't keep up for long. "I hope this will only be for the first few weeks," Gorman said and added with a laugh, "however, no one really told me the hours of this job." But as

at Western Electric, he's made it clear he'll always be available seven days a week.

In addition the new railroad executive is on the boards of Bankers Trust Co., Campbell Soup Co., C. R. Bard Inc., the Prudential Insurance Co. of America and of course, the Penn Central holding company which owns sizeable chunks of real estate including apartment buildings, land development, a pipeline company, amusement park, and part of Madison Square Garden. That adds up to more hours than there are in a day and little time left over for his favorite pastime — golf. He shoots in the high 80s, has an automatic putting device for living room practice, and cherishes a rare antique putter with a wooden blade.

Some say that the Penn Central can never be an efficient company. In-fighting between the old Pennsylvania and New York Central employees is rampant. But that might be the reason for choosing Gorman—he knows nothing of the railroad business, neither its faults nor its assets. With no prejudices, he perhaps can build morale and implement his own management ideas culled from 40 years of successful business experience.

"What this company needs is team work. If you don't have the right kind of people, you won't get the job done." Gorman has a long list of priorities and an early start on spring housecleaning.

He may even sometime retire. □

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