in the short run. Management had considerable discretion to either broaden the exceptions processing job or leave the previous job design intact. Some banks have kept jobs in exceptions processing specialized by function, even after introducing check imaging. Not enough time has elapsed to judge whether the different ways of organizing work in exceptions processing reflect equally productive ways of organizing the tasks, or whether competition will reveal that one way is more efficient than others. But we suspect that Cabot Bank's choice effectively takes advantage of the interdependencies among exceptions-processing tasks and will be rewarded by the market in the long run.

CONCLUSION

So why did things at Cabot turn out one way downstairs and another way upstairs? Research by Professor Assar Lindbeck of Stockholm University and Dennis Snower of the University of London suggests that managers combine tasks into broader jobs when the tasks are complementary and create single-task jobs that take advantage of specialization when they are not—for example, in Adam Smith's pin factory. It seems likely that the reason new technology resulted in narrower job definitions in the Deposit Processing Department downstairs at Cabot Bank is that there was little complementarity among the tasks. Once imaging reduced the cost of moving check information from one worker to another, it made sense to exploit economies of specialization. On the other hand, complementarity among tasks in the Exceptions Processing Department upstairs made task integration attractive.

This appears not to have been the only consideration, however. Upstairs managers also seemed to have the explicit goals of making jobs more interesting and in involving the workers in the redesign. MIT Professor Paul Osterman has pointed out that where managers care about the quality of customer service and the well-being of employees, we tend to see integrated job designs. *

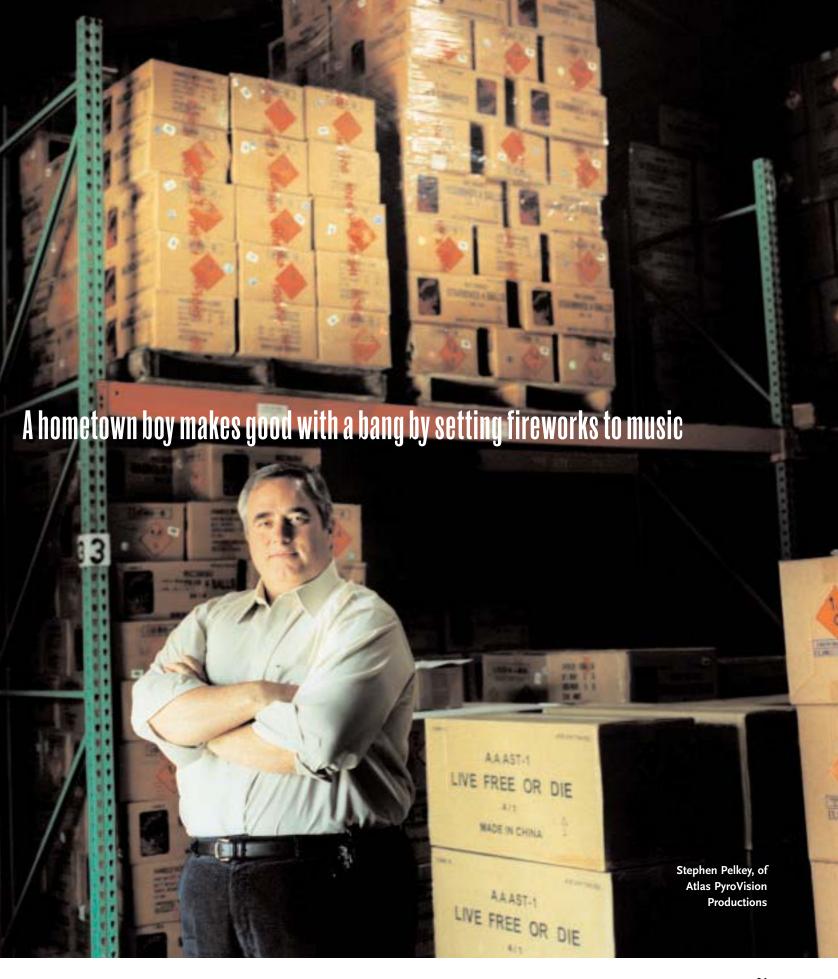
DAVID H. AUTOR, IS ASSISTANT PROFESSOR AT THE MIT Department of Economics, and the Na-TIONAL BUREAU OF ECONOMIC RESEARCH: FRANK Levy is professor at the MIT Department of URBAN STUDIES AND PLANNING; AND RICHARD J. Murnane is professor at the Harvard Gradu-ATE SCHOOL OF EDUCATION, AND THE NATIONAL BUREAU OF ECONOMIC RESEARCH. THIS ARTICLE IS BASED ON "UPSTAIRS, DOWNSTAIRS: COMPUTERS AND SKILLS ON TWO FLOORS OF A LARGE BANK," PUBLISHED IN THE INDUSTRIAL AND LABOR RELATIONS REVIEW, APRIL 2002.

letter from **Jaffrey, New Hampshire**

Business is kabooming

By Jane Harrigan \ Begin with a glittering silver chrysanthemum, 1,000 feet wide, exploding over the Washington Monument on the Fourth of July. Proceed to Boston, where, with each cymbal crash of the "American Symphony," the pistils of giant red flowers strobe 1,000 feet above the Charles River. Take your pick of 700 other fireworks displays from Miami to Minnesota to Montreal. If you could follow a string of colored stars from all these productions back to their source, the trail would end at a tan, brick, and metal building on a rural road in southwestern New Hampshire. Here, behind a door guarded by jade lions, the 22 employees of Atlas PyroVision Productions choreograph the displays that illuminate the nation.

Here in Jaffrey, population 5,500, handmade shells designed to Atlas's specifications arrive from Spain and Japan and China and accumulate in three concrete-walled magazines holding 60,000 pounds of explosives each. Here, the latest computer equipment calibrates the precision firing of a crude product that has changed little since the Chinese invented gunpowder over 1,000 years ago. Here, Stephen Pelkey,





Computers calibrate the precision firing of a product little changed since the Ch

the hometown boy who made good with a bang, surveys a decade of 800 percent growth and distills a simple lesson: In life, as in fireworks, timing is everything.

When Pelkey took over the fireworks company from his father-in-law in 1986, it was a typical mom-and-pop operation. Pelkey does not pretend to have foreseen the combination of circumstances that took Atlas from the \$500,000 business to the nearly \$5 million in annual sales it does today. He didn't predict them, but he's happy to list them: Computer technology took off. The economy boomed. Corporations started sponsoring municipal displays as advertising. First Night celebrations and ski resort shows extended the fireworks season year-round; concerts, ice shows, and sports events brought pyrotechnics indoors. All Atlas had to do, Pelkey says, was

hire people with imagination and take advantage of the technology.

In its early days, Atlas manufactured shells and sold them to volunteer fire departments that shot small-town displays. Pelkey and his wife, Dee, immediately began dreaming of something more. They drove to Montreal for the international fireworks competition, taking notes on technology and artistry as the icons of the pyrotechnic world fired off displays set to music. The couple made the trip eight times, but it had taken only one night for Pelkey to read the writing in the sky: "After seeing that first show, I knew this was exactly what I wanted to do." He invested in a basic computer firing system and began to practice coordinating fireworks with music.

More than 400 companies in the United States shoot fireworks, but only about a dozen can put together the equivalent of a Pyrotechnic Symphony, a name Atlas has trademarked. By feeding individual pieces of music and reams of statistics about all kinds of shells into a complex computer database, the choreographer of a display can ensure, for example, that a five-inch shell with a lift time (time to achieve altitude) of 3.75 seconds will be shot into the air exactly 3.75 seconds before the moment at which it must burst to complement the music. The shells don't just explode in time to the beat, Pelkey says. They illustrate the music, rising and falling in intensity or tracing piano key strokes across the sky.

Achieving that level of sophistication took practice. "If you're proposing a full-scale production for D.C. or Boston or Disney, they ask, 'Have you done this before?" Pelkey

Although timing is important, quantity counts, too. In the display over the Washington Mall, Atlas sets off 6,500 separate ignitions. The typical town display uses only about 1,200.

says. "So we created our own venue." In 1990, Atlas inaugurated the Jaffrey Festival of Fireworks as a way to build confidence through success-and to learn from failure. A frayed clump of wires on Pelkey's desk, which the staff jokingly mounted in Plexiglas, attests to a 1993 incident in which an experimental harness failed and more than 800 shells exploded in 35 seconds. The audience loved it. Pelkey now cringes if one of his computerized creations fires a hundredth of a second early.

Today, the Jaffrey Festival is the largest show on the East Coast. The typical town fireworks display involves about 1,200 "cues," or separate ignitions. Boston's Fourth of July display has about 5,000 cues; the Washington Mall show has 6,500. The Jaffrey Festival bombards its audience with as many as 8,000 ignitions, including a grand finale that Pelkey calls "absolute sky saturation." Last year on the third weekend in August, 32,000 people paid \$6 each, or \$30 per carload, to come to

inese invented gunpowder

town and have their socks knocked off.

Emboldened by its success in Jaffrey, Atlas entered the North American Pyrotechnics Competition in 1994—and won. The next year, the company came in fourth in the international competition in Montreal, the same contest that had inspired Steve and Dee Pelkey nine years before. The big contracts started rolling in: The Major League Baseball All-Star Game. The World Wrestling Federation. The New England Patriots. The New Year's Eve fireworks in Boston. The nationally televised Fourth of July shows in Boston and Washington.

Kaboom! Like the best fireworks displays, the company's explosive growth was both terrific and terrifying. "It's easy to say 'yes' to whoever calls," Pelkey says. "But will you have the trained technicians, equipment, and



inventory to pull it off?" Even now that growth has slowed, such questions linger. Each year, Atlas does 80 percent of its business in two weeks. (When things calm down in mid-July, Pelkey falls into what he calls "post-pyro depression.") The compressed timing means the company must supplement its full-time employees with 900 part-time technicians, each of whom must be trained every year in the latest firing techniques and regulations. It also means that although 96 percent of the shows Atlas shoots do not use computerized firing, the company needs six \$80,000 field controller computers, or "pyrodigital firing systems," for the 4 percent that do, because many of those shows happen at the same time.

Not only is the schedule compressed, but creation is a one-shot deal. Fireworks choreographers spend months planning a show that they never get to rehearse; the first time they see it is when the audience does. "You have only one chance to make it work," says Matt Shea, Atlas's director of marketing. "If things are going badly, we can't tell the customer, 'We didn't quite get it done. Could you wait until July fifth?" *

IANE HARRIGAN IS A PROFESSOR OF JOURNALISM AT THE UNIVERSITY OF New Hampshire. She hopes her FAMILY WILL FOLLOW HER WISHES AND PACK HER ASHES INTO A FIREWORKS SHELL SO SHE CAN GO OUT WITH A COLORFUL BANG.

REGIONAL REVIEW

EDITOR-IN-CHIEF Iane Katz

ASSOCIATE EDITORS Carrie Conaway Miriam Wasserman

ART DIRECTION Ronn Campisi Art Director Alicia Staples

Assistant Art Director

RESEARCH ASSISTANT Kristin Lovejoy

PRODUCTION COORDINATOR Ann Eggleston

ONLINE PRODUCTION Tom DeCoff

EDITORIAL BOARD Katharine Bradbury Lynn Browne Peter Fortune Jane Little Geoffrey Tootell Robert Triest Kimberly Underhill

BUSINESS MANAGER Susan Rodburg

SUBSCRIPTIONS The Regional Review is available without charge. Requests should be sent to: Research Library-D Federal Reserve Bank of Boston P.O. Box 2076 Boston, MA 02106-2076 tel: 617 973-3397

LETTERS, COMMENTS, AND INQUIRIES Regional Review Federal Reserve Bank of Boston P.O. Box 2076 Boston, MA 02106-2076 tel: 617 973-3353 fax: 617 973-3957

carrie.conaway@bos.frb.org jane.katz@bos.frb.org

The Regional Review (ISSN:1062-1865) is published by the Federal Reserve Bank of Boston. The views expressed are those of the authors, and do not reflect official positions of the Federal Reserve Bank of Boston or the Federal Reserve System. Text, charts, and tables may be reprinted if the source is credited, unless otherwise indicated. All other contents @2002 Federal Reserve Bank of Boston. All rights reserved.