

is not a stable unit, and that the expense percentage is bound to fluctuate with the other fluctuations of prices, other things remaining the same. A rising market led this store, as it must have led countless others during the recent active period, to believe that they were holding the ratio of expenses down. When, however, the individual transaction was taken as a unit, and the expense of handling a transaction was considered, it was found that many departments with a low expense ratio were actually operating at a greater cost per transaction than the rise in wages and other expenses would justify. Department managers, themselves deceived by the low expense ratio, had felt that they need no longer economize so severely and asked for additional help. The exact records of the management as to the number of transactions, showed that instead a decrease in help was desirable, and in practically every case a reduction was made when an increase was asked for. Results proved that this policy did not in any respect reduce sales, but it did compel closer attention to management upon the part of the executives. The publication in the store of statistics concerning the number of transactions got every departmental executive immediately interested in reducing the cost per transaction. This knowledge enabled the management to control the situation in a manner it had never before done. The result was a saving of many thousands of dollars a year.

The knowledge of things done and to be done was gradually perfected. A most complete set of executive control reports was prepared, covering each activity of the business. These reports are prepared by the department head himself, to bring forcibly to his attention the exact current conditions. (See Fig. 2.)

There are now issued monthly for the General Manager, forty-one of these reports. They are comparative with the previous year and the year to date, and in addition an estimate of the next month is included. These reports are digested for the management (the exception principle) and any striking or exceptional differences are noted. This too furnishes a better control than existed before.

The merchandising department improved its control by establishing quotas for each buyer and showing graphically from day to day the relative standing of each buyer. Since the establishment of this graphic board there has been marked improvement in almost all departments. (See Figure 3.)

In the bookkeeping department the seventeen ledgers, kept by hand, were found to be practically never in

MONTHLY REPORT			
Department: PERSONNEL DIVISION (Including Employment, Training, Rating, Timekeeping and Statistical Services)			
Month: _____			
FOR THE YEAR TO DATE	THIS YEAR	LAST YEAR	ESTIMATED NEXT MONTH
Average number of members			
Number of interviews			
Percentage of expenses			
Overtime paid			
Average weekly salary			
Fatal accidents paid			
Number of members on hand beginning of year			
Number of new members engaged			
Number of members withdrawn			
Number of members on hand end of period			
Turnover percentage			
Number of transfers			
Number of applicants interviewed			
Number of new members introduced			
Number of old members introduced			
Number of special class meetings			
Number of errors recorded (Selling)			
Number of errors recorded (Non-Selling)			
Number of errors percentage			
Number of sales recorded (Selling)			
Number of sales recorded (Non-Selling)			
Number of late percentage			
Number of absentees recorded (Selling)			
Number of absentees recorded (Non-Selling)			
Number of percentage of absence			
Number of interviews with members			
Number of interviews with Dept. Heads and Assistants			
Number of interviews with others			
Total interviews			

Fig. 2. Executive Control Report.

balance. Statements were sent to customers on the fifth or sixth of the month only with great difficulty. It was many times suggested by executives that the installation of machine bookkeeping would correct this difficulty, but we insisted that first many obvious defects in management must be corrected (standardization of conditions and methods); otherwise any machine method would fail just as did the hand method.

A system of monthly posting of charges and daily posting of credits was in vogue. Daily the sales checks were entered on a statement, and at the end of the month the net totals were posted to the individual accounts. It is evident that a control of conditions at the end of the month involved daily control of the work. Graphic charts were developed to show when each statement clerk and bookkeeper finished the work scheduled for the day. Photostats of this chart taken on the same day of each month showed a constant improvement as a result of this control. Statements are now ready for mailing to customers regularly on the last day of each month, with not only less effort on the part of both clerks and management but with actually fewer clerks than before.

Similar charting methods are used in a number of different departments of the store, with similar results; so they need not be detailed.

In a factory, where most workers have or can have well-defined jobs, it is a comparatively simple matter to measure the value of a worker by the quantity and quality of his product. In an office, however, the work

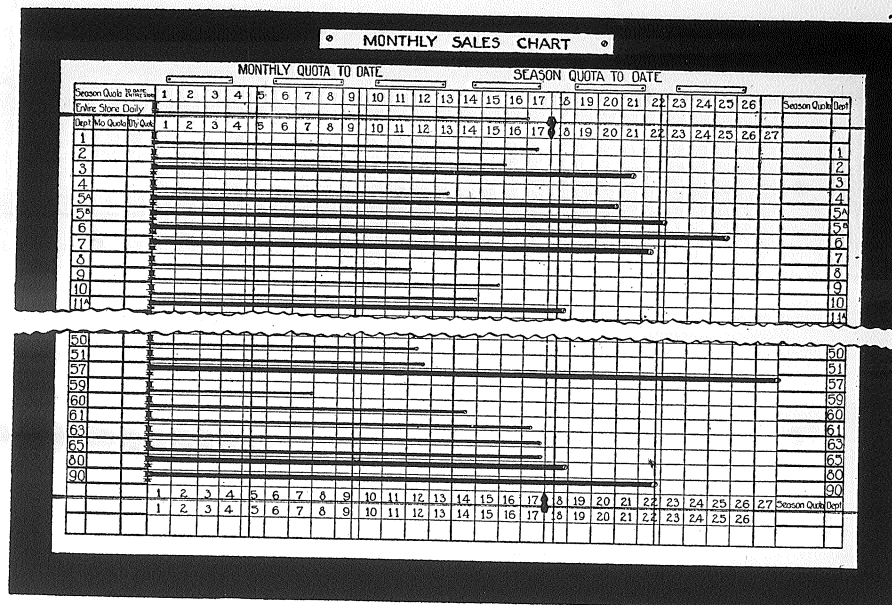


Fig. 3. Sketch (from photograph) of Graphical Control Board.

Description of Figure 3. The chart accommodates eighty departments. On the left side is the department number, the monthly quota, and the daily quota. On the extreme right, beyond the ruling, is the seasonal quota and the department number. On the head and foot of the chart are two scales, one for the seasonal days divided into twenty-six weeks, the other for the days of the month for the maximum of twenty-seven. The ruling of the chart is by days, which are divided into tenths; and at every interval of four or six weeks is a

heavy line signifying the month. At the top and bottom of the chart are sliding arrows signifying the number of working days for which the chart was set up. There are also two spaces, one at the top and one at the bottom, to show the progress of the entire store. The whole set-up is eleven feet high and seven and one-half feet broad, making a massive score-board effect. It has been in use for four months and thus far has created great interest; which, of course, is its main purpose.

is not usually well-defined and often cannot be defined in terms of output. Need is felt, therefore, for a plan of general rating.

The following rating system originally suggested by John Leitch, author of "Man to Man," and developed to its present state by the General Superintendent's office, gives a monthly rating of each employee. Employees are rated as follows:

Quality	25	{ Accuracy	10
		{ Neatness	5
Quantity	25	{ Courtesy	5
		{ Initiative	5
Experience	25	{ Knowledge	20
		{ Adaptability	5
Cooperation	25	{ Willingness	10
		{ Reliability	15

This rating plan is used to determine the base rates of salaries and as a guide to promotions. (See Fig. 4.)

A Personnel Division was established, with responsibility for the following departments: Employment, Training, Rating, Statistical, Timekeeping, Employees' Restaurant, Hospital, House Organ. A statistical office was organized in the Superintendent's Office, where all personnel statistics are centralized; references, applications, employees' accounts, payrolls, ratings, monthly reports, timekeeping records, insurance, etc. These operations were formerly distributed over five or six different offices. Consolidation and better functioning resulted in a saving of one-third the former cost of doing this work.