

reflects the responsibility of the Vice President in charge of production. I have had the question put to me in my professional practice over and over again, "How do you devise a classification of expenses?" There is only one answer, and that is to draw a chart of the organization. What is the classification of expense for? It is to reflect accountability. Whose accountability? The accountability of those who control within the organization. Well then, you might say, "Why does it happen that most businesses have an expense classification in terms other than those of accountability?" And I am afraid that my answer to that question would be that most organizations, by their accounting, admit that they do not have accountable organization; because, of course, if you do not have a definitized organization, it will occur to no one to set up a definitized expense classification; it is only when you make the Vice President in charge of sales feel his accountability that he will ask for a classification of accounts to reflect that accountability.

There are many types of organization; there are many types of accountability. In a large mail order house, for example, the proper accountability may be territorial, and it may be functional, but it must always be by commodities. Where there is one man in charge of dry goods, another in charge of groceries, another in charge of hardware, another in charge of furniture, then the classification of sales and purchases and inventories and expenses should be in terms of commodity organization and commodity responsibility.

Of course, in actual practice one does not run into theoretical organization. We often hear that a

certain company is organized functionally, or that a certain company is organized territorially, or that a certain company is organized by commodities. The actual fact generally is that it is organized on the basis of all three types, and that it is a combination of territorial, functional and commodity responsibility; and that gives the management engineer his main problem in accountability. To those of you who are long experienced in setting up classifications of accounts, this is all basic; to those of you who are not, I want to emphasize that you do not attempt to set up budgets or budget control until you have mastered the classification of sales, purchases and expenses according to the organization that the budget is to serve.

Where you do have accounts that are accountable, that reflect accountability, you are in a position to introduce a budget system. In arriving at a definition of what budget control is, I am unable to approach the subject without considering definite organization responsibility and without considering definite accountability through accounts. Having those two premises, I can then attempt to estimate further possibilities. In other words, if I have a classification of sales by territories, so as to show how much is being sold through the Kansas City office, and how much through the Fort Worth office, and how much is being sold through the San Francisco office, I can hope to set up a budget on the Kansas City territory, on the Fort Worth territory and on the San Francisco territory; but I have no use for budget making on a territorial basis unless there is territorial responsibility. Organization, then accountability, then a budget.

MANAGEMENT WEEK—OCTOBER 16-21

THE management Section of the American Society of Mechanical Engineers, the Society of Industrial Engineers and the Taylor Society have joined in designating the week of October 16-21 as Management Week, a week for joint meetings of their local sections throughout the country. It is expected that every section of these societies will hold a meeting on an evening of that week which will meet local convenience, and that wherever there are sections of two or more of these societies in the same community, the meeting will be a joint one, organized and conducted by a joint local committee.

THE FALL MEETING

THE next meeting of the Taylor Society will be held Nov. 23-25, at the Engineering Societies Building, New York.

The general theme of the meeting will be "Management Lessons of the Depression." Sessions will be devoted to the following phases of the management problem: The Directors and General Policy; The Chief Executive and General Control; Sales Research and Sales Production; The Production Department; Purchasing; Industrial Relations; Business Forecasting.

The annual business meeting will be held Thursday evening, Nov. 23.

SUPERSTANDARDS¹

THEIR DERIVATION, SIGNIFICANCE AND VALUE

By FRANK B. AND L. M. GILBRETH²

THE value and importance of standards and of standardization as factors and causes of cost reduction is generally acknowledged by all people today, both inside and outside the industries, who have given both the theory and the practice proper investigation and study.

We were convinced of the importance of standards in 1885, but it was not until the late Wm. H. McElwain in 1897 impressed us with the importance of having all minute details of standards put in writing as a permanent record, that we began to put every standard into such permanent record form.

It was not until 1907, at the beginning of our conference with Dr. Taylor, that we decided to emphasize the fact that the *methods of making* the standards themselves should be the first thing standardized. This thought was suggested by the fact that we found there were no two standards in his and our practices exactly alike, even where the objects to be attained were identical. We then decided upon and undertook the course of *intensive superstandardization* and of applying accurate measurement as a prerequisite to making satisfactory standards.

We desire to acknowledge here our appreciation of the great value of the Taylor philosophy, and our emphasis on super-standardization is due in part to Dr. Taylor's emphasis on standardization.

Dr. Taylor's Views on Standards

Dr. Taylor states in "Shop Management"³: "It would seem almost unnecessary to dwell upon the desirability of standardizing not only all of the tools, appliances and implements throughout the works and office but also the methods to be used in the multitude of small operations which are repeated day after day."

¹A paper presented at a meeting of the Taylor Society, Philadelphia, March 17, 1922.

²Consulting engineers, Montclair, N. J.

³A. S. M. E. Edition, Paragraph 284; Harper Edition, Pg. 123.

He went on to explain the reason for this, and to show that such standardization was profitable from every standpoint, including that of cost. Since that time, authorities of the management world have accepted the value of standardization, though the world outside management is not yet entirely convinced.

We endorse the above statement of Dr. Taylor and we would especially stress the word "methods," for there has been everywhere a lack of appreciation of the fact that methods as well as equipment must be standardized. We would go further and emphasize the great possibilities for profitable standardization of *repetitive components* of methods, which methods themselves, as a whole, are not repetitive. *The leisurely examination of components of methods, which is now possible, necessary and most desirable, furnishes a completely new viewpoint and practice in standardization, and offers a completely new, fascinating and profitable field for standardization. This field, namely, the leisurely examination of components of methods, covers not only new work, but all old standards that have not been analyzed by the new method.*

Definition of Standard.

Perhaps the best definition of a Taylor standard as so accepted is that given by Mr. Cooke, who says:⁴ "A standard under modern Scientific Management is simply a carefully thought out method of performing a function, or carefully drawn specification covering an implement or some article of stores or of product. The idea of perfection is not involved in standardization. . . ."⁵

While the above is a most excellent definition of a standard, it embodies a thought that is quite different from that which we are emphasizing in considering the subject of superstandardization, especially as ap-

⁴Report to the Carnegie Foundation for the Advancement of Teaching, Pg. 6.

⁵Primer of Scientific Management, Pg. 14, D. Van Nostrand Company, New York.