

ten years hence, now is the time to become busy about it. Meetings of the Taylor Society are designed to help them to get busy about it. Those who attended the meeting got inspiration and definite ideas concerning what to do. But a greater number should have been so inspired and helped. There should have been three to four hundred representatives of firms at each session and a thousand different representatives at all of the sessions.

IN the session on master schedules of sales and production two papers were presented which reflected policies which contemplate a moderate, regular increase in sales and production over a long period, regardless of cyclic changes in business conditions, instead of policies which contemplate grasping all the sales possible during a boom, without regard for the inevitable losses which have to be suffered in the depression following, caused by over-investment in plant, equipment and inventories. In the course of the discussion a guest—one of the ablest and most experienced among sales executives—remarked: "If all stockholders and directors could be convinced of the wisdom of a long-run policy of moderate increase, then the sales and production problems would be much simplified, master plans and budgets would be possible, and what is more important, 98 or 99 per cent of attainment of schedules would be practicable." Someone then made the observation that in a certain enterprise, at the time of a very favorable condition of the market, directors had raised the question, "Why should we be satisfied with a moderate increase when a greater increase is possible?" and had been presented with *schedules by the operating departments* which proved that the long-run, moderate increase, from the point of view of the long run and of the business as a whole, is the best profit-making proposition.

NOW these statements indicate the reason why the Taylor Society is trying to bring production executives and engineers together with sales executives and engineers for common consideration of their interdependent problems. There is involved, first, the determination of long-run policy; second, the participation of operating executives in determining that policy; and third, the manner by which operating executives may participate—may bring their experience and calculations to bear strongly on general management and directors in establishing policy. Pressure—the pressure of facts—can be brought to bear upon general managers

and directors to establish correct long-run policy, only if the different departmental executives break down departmental barriers, learn to understand each other's problems, talk the same language, get facts and handle them in the same manner, make plans and schedules together, prove to their own common satisfaction the desirable policy, and then *together prove* to the general management and the directors the desirable policy. If operating executives want to succeed in bringing about the establishment of policies which will make good operating management possible, then they must abandon the too prevalent custom of isolated departmental plans and advice to general management; they must learn to work together. Too frequently each department works out plans and schedules by itself, goes to general management with these and presents them from a narrow departmental point of view, and, because general management thinks of everything from the point of view of the business as a whole, is turned down. The result is that, for want of a joint plan carefully worked out and presented by all operating departments, no convincing plan is presented to general management, and, because general management is far removed from detail facts, it proceeds by the method of guess to establish policies which do not permit the maximum results from good operating management. It is high time for production and sales executives and engineers to get together, and the Taylor Society offers them facilities for doing so.

YOUR PLANS FOR 1930

OF course you have been thinking about the influence of industrial conditions on your business in 1923, and possibly 1924. But what about 1925, 1927 and 1930? The wise executive thinks ten years ahead.

The article which begins on the next page will stimulate your thinking about the long-run conditions of your business. Every owner, stockholder, director and executive should read it. *Automotive Industries* (Nov. 30, 1922, p. 1060) "regards this paper . . . as one of the soundest and most important discussions in the last two years of the necessity for shaping management to meet changed industrial conditions."

SHAPING YOUR MANAGEMENT TO MEET DEVELOPING INDUSTRIAL CONDITIONS¹

By H. S. PERSON²

IN THE conduct of any enterprise there is a major function, the responsibility for which resides somewhere in the organization, of determining future policy. In many enterprises this function may be regarded lightly, or even disregarded, on the principle that sufficient unto the day are the problems thereof; but in the larger enterprises, and in all well-managed enterprises of any size, it is not neglected. That is one reason for their good management.

2. The problem of future policy has many phases, of which the following come at once to mind: the commodities or services to be produced and sold; the quantities of these it is safe to attempt to produce and sell; the financial and technical equipment necessary; the technical methods of producing and distributing which shall be employed; the conditions of human cooperation which must be established in the enterprise. These, and many other major phases of policy not here enumerated, break down into numerous subsidiary, but also individually important elements. The difficulty of solving the policy problem is not reflected in the simplicity with which these elements may be enumerated, for they are not clearly separable, but are complicated and cross-sect one another. Furthermore, solution of the policy problem requires measurements and estimates of elusive and changing governing conditions—the variable demands of markets for particular commodities and services; the variable strength of actual potential competition to meet these demands; the availability of financial and technical resources and changes in these; the availability of workers and the changing conditions of their cooperation; restrictions or regulations which may be imposed by governments, and so on. And thoroughgoing measurements and estimates of such things as these lead farther into the consideration of factors still more elusive; changes in the habits, tastes and mental attitudes of peoples; the probabilities

of new discoveries and inventions; changes in the social machinery for the conduct of industrial operations; that complex of conditions generally designated by the inclusive term "industrial conditions."

3. It is highly probable that an increasing number of enterprises will come to recognize that policy determination is a function which requires serious and continuous attention. It will involve the ascertainment of and analysis of facts concerning which executives have in the past had little interest, and it will involve above all—much and careful thinking. It is questionable whether the American executive can be characterized as a thinking executive so much as one intuitional in reaction to immediate facts; he himself has been proud rather to consider himself the doer and go-getter *par excellence*—he who acts and gets while others think. If he is what he believes himself to be, he is the natural product of his economic environment; but one question to be raised tonight is whether there is not evident a sufficient change in the environment to make any such pride now unreasonable.

4. The particular phase of the policy problem which is to be considered tonight is presented in the question, "How must executives shape their managements to meet developing industrial conditions?" This question is fundamental, for a particular kind of management is an expression of decisions on many other matters of policy. The question is not to be understood as asking, "What new principles of management must be discovered and formulated to meet developing industrial conditions?" There are principles enough at our command—many more than have been generally recognized and utilized—to meet any conceivable conditions. We might change to a socialistic or communistic society and still be adequately served by the technical principles and methods already at industry's command. But under even moderately diverse industrial conditions we must utilize these principles and methods in different combinations, must weight them differently, in accordance with the requirements of particular circumstances.

¹ Paper presented at a meeting of the Taylor Society, New York, Nov. 23, 1922.

² Managing Director, Taylor Society.