

to earn good wages. The chart shows that the number leaving and entering the employ of the company had both been below the limit set.

This chief executive had, of course, learned years ago that high wages coupled with good training and management help to reduce costs and he therefore aimed to bring up the average weekly wages of the direct workers in his factory to \$45 per week.

The chart shows that the actual wages fell about 20 per cent short of this ideal, due principally to the fact that during the first few months there was not enough work to do. Conditions are better now and it is probable that by the end of the second half year the \$45 mark will be reached.

The chief executive did not believe that it is inherent in the nature of a workman to soldier, but that he will do a fair day's work if conditions are right. Accordingly he had a daily record kept of the production of each workman compared with a definite standard, showing the reason why whenever the performance had fallen below the schedule. He has found that a majority of these delays can be avoided by good management and he has therefore come to regard the summary of these man-record charts as a fairly accurate indication of the worth of his supervisory organization.

SPECIFICALLY, the new industrial revolution which the inventors and administrators are going to bring about must make possible the increasing decentralization of industry.

It must stop the centralization of factories in a few big cities and the herding of their workers in slums.

It must regularize production and distribution and forever do away with the seasonal fits and starts, the alternate booms and depressions, that now disgrace our administrative intelligence.

It must solve the problem of unemployment for which the only remedy is continuous employment.

It must lay the ghost of insecurity that now haunts the mind of labour; and it must face frankly the effect upon workmen of the repetitive labour which machine production makes necessary. (Edward A. Filene, *The Way Out*, pp. 65-66.)

Harnesses Cooperative Instincts for Mutual Good

The analogy between the modern executive and the general or commander-in-chief is an old one, and it is true up to a certain point. Both have their objectives clearly fixed, they marshal their forces for campaigns and coordinate the energies of those under their control. The old methods have passed and the modern general no longer gallops about the field issuing orders based on his own observation and verbal reports from his aides. He sits at a desk watching carefully prepared maps which show the terrain and every movement of troops and supplies. So the modern executive sits at his desk, watching a few lines on his control charts, noting each change in the rate of movement of his forces and issuing the directions needed to keep them under control.

There, however, the analogy ends, for the aim of war is destruction, while the executive in industry uses all his knowledge and skill in harnessing the cooperative instincts of his organization for the mutual good of owners, employees and the public.

It has often been said that the quality which distinguishes an American business man is his practical idealism. On such an operating control chart as this he sets down his attainable ideals and then concentrates his attention on their achievement.

WHEN I use the term "industrial democracy" I mean that form of industrial organization in which the employees have an adequate voice in the determination and control of the conditions of work, an adequate stake in the results of work, and as near as humanly possible a guaranty that the management of the business shall be efficient.

I mean by the employees having an adequate voice that they should have the greatest degree of power it is possible to grant consistent with the continuing success of the business. The moment industrial democracy fails to sustain and increase the production and profits of an industry, it ceases to be valuable to the employees no less than to the employers. An "adequate" voice in industry must mean different things at different stages in a given industry. (Edward A. Filene, *The Way Out*, pp. 141-142.)

Distribution a Governing Influence on Production¹

The Sales Department Must Sell Factory Production to Maintain a Stable Operating Organization and Utilize Equipment at Maximum Efficiency

By G. DOUGLAS MERCER
The Flintkote Co., Boston, Mass.

DISTRIBUTION as a governing influence on production, which was the subject assigned me, can be approached from many angles. I propose to discuss it from the point of view of the sales manager.

A composite view of a sales manager would be something like this: His customer sees him as a well-nourished, likable, energetic individual who seems equally at home discussing the World Series, the Volstead Act and his own or other people's business. The treasurer sees him as always wanting more salesmen or more advertising, the money for which, he argues, would pay dividends. The factory manager sees him as a stupid person who insists on taking orders when the factory can't fill them, and who fails to get them when the factory needs them. To his salesmen he is a human machine who does not consider their comfort but demands orders, more orders, and still more orders, while to his wife and family he is the stranger who comes to dinner on Sundays.

The sales manager has his serious responsibilities. He is responsible for the financial administration of his department and he must see that his selling expenses are within his budget. He is also responsible to the factory for a steady flow of orders. He is its spokesman and unless the factory can impress him with its ability to deliver he will be unable to inspire his salesmen and they, in turn, their customers, with the confidence which breeds orders.

Some lighting companies maintain a lookout station perched on the top of a skyscraper. When the observer sees signs of an approaching storm he orders more power to carry the lighting load. The sales manager occupies a similar position in his company. He must be constantly watching for the storms of competition, buyers' strikes, or unbalanced business conditions. But he does more than the man in the lookout, for he must keep his lines of distribution clear and functioning freely. Unless he knows when and

how to make use of the broadcasting power of national advertising to supplement the forces of distribution he will be unable to secure the maximum results. His efficiency depends not only on his selection, training and handling of his own men, but on his recognition of the problems of the business as a whole and his ability to cooperate closely with the production and financial departments.

As a cub salesman I found constant conflict between sales and factory without common meeting ground. The salesman tried to sell what the customer demanded and the factory tried to make what it felt should fill the demand. Today a successful concern supplies a genuine demand, or tries to create a demand for its products. A successful sales manager is not trying to secure orders in terms of dollars of goods, but is selling factory production in terms of tons, feet, ton-hours or machine-hours in order that a well-trained organization of operatives may be uniformly maintained and the existing equipment utilized at maximum efficiency.

For several years untrained, undirected and left to my own resources, I went through the usual period during which most salesmen wear off the rough edges and wear out the soles of their shoes. As an engineer, I began to question whether the more exact methods of that profession could not be employed in selling. In 1919 I went to the Clinton Wire Cloth Company where Keppele Hall was installing scientific management in the factory. The methods he used interested me, and since then I have tried to apply to selling a few of the principles of scientific management. To best illustrate the application of these principles let me take a specific case.

The company in question was an old concern whose products had a splendid reputation, but the competition of large scale producers, or those who specialized in the manufacture of single articles, was being felt. The principal articles made were screen cloth, netting and heavy woven wire, woven wire lath and welded

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