

The society has not hesitated to cooperate with others in programs motivated by the desire for improvement of social conditions where such improvement has involved problems of management. A noteworthy instance was the publication of Horace B. Drury's study of the three-shift system in the steel industry, a study the influence of which, combined with the influence of other similar studies, brought about a significant change in management methods in the steel industry. Another instance of international public service was the acceptance by the Taylor Society of detail labors involved in the organization of the effective contribution of the Committee on American Participation to the Prague International Management Congress in 1924.

The Taylor Society is interested in advancing sound thinking concerning the management problem throughout its entire range, in promoting understanding of established principles and discovery of new principles, and in assisting its membership to the command of an engineering technique of investigation and a flexible technique of management derived by that method of investigation. It welcomes to membership all who have become convinced that "the business men of tomorrow must have the engineer-mind."

### Production Control Reports<sup>1</sup>

#### The First Step in Increasing the Efficiency of Office Departments

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IN COMPARING the progress made to date in the development of office organization and management, with that attained in the field of factory activities, it is necessary to recognize some of the fundamental differences which exist in the two departments of management. During the past few years I have entertained the thought that we who are primarily interested in the development of the science of office management have been too ambitious in our desire to apply the later-day tools of scientific manage-

ment which are the resultant of a process of evolution through which office activities have yet to go. In other words, there has been an attempt in many instances to transplant the present-day procedure found in factory management to a field which is anything but ripe for the process.

In a factory organization the factors of material and machinery have a much greater significance than in the office where clerical activities predominate. In the latter type of organization the mental factor is, by far, the most important—machinery and material being of secondary consideration. In a factory organization the machine generally sets the pace—or, at least, is in a position to do so—while in the office the individual in the main controls this factor. In view of the fact that clerical activities are of a mental—or at least of a mental mechanical nature, greater concern must be given to the numerous psychological factors involved in the management.

Theoretically, at least, office operations are susceptible to the same type of scientific analysis as is applied to factory work. Any office job, regardless of its complexity, may be split up into its component parts and a standard production time set for each operation. To apply these advanced practices in a practical manner to all operations of an office is, however, quite a different problem and presents difficulties which, to the average office manager, seem insurmountable. It has been my observation that more has been written and said concerning the application of scientific production control schemes to office work than is to be found in actual practice. What successful work has been done along these lines lies primarily in the field where mechanical or semi-mechanical operations predominate, and where office machinery is used extensively. This applies to such clerical operations as filing, typing, mechanical billing, etc. When the average office manager gets beyond this limited field, he is very likely to become lost in the maze of variables that spring up at every turn, and to find that the cost of keeping the records necessary for his production control exceed any possible value which may come out of the scheme.

A part of my business career since being graduated from this institution twelve years ago has been spent in factory organization work. The last few years have been devoted to an intensive study in the field of office organization and management. I can frankly say from my own experience that the latter field presents by far the greater difficulties in attempting

to introduce the principles of scientific management.

We have heard during recent years, in discussions concerning factory management, of the strategic position held by the foreman; a great deal of time and attention has been paid to the selecting and training of this important individual. It has been realized—and rightfully so—that the foreman holds a "key" position in the organization, and that he must be thoroughly imbued with the ideals and policies of the management in order that any plan of operation may be successfully transmitted to the men over whom he presides.

I have been impressed with the relative lack of attention which has been given to this same situation in the development of the science of office management. Few institutions have any very definite plan of selecting and training office supervisors and department heads. This is even true in institutions which have devoted considerable time and attention to the subject of controlling the production of individual workers. The importance of stimulating the department head to view his responsibility from the angle of obtaining the maximum production at minimum cost (with due allowance for quality) cannot be over-emphasized in any scheme of scientific office management. Few offices have adequate records which permit the compiling of this information, without which the management is in no position adequately to appraise the work of a department head in administering his particular responsibilities.

We of the office will readily concede, I believe, that viewed from the standard which scientific operation and organization has attained in the factory, the office has made relatively little progress. Recognizing this condition, it is, in my opinion, highly inadvisable to attempt to apply the later-day developments in the field of scientific management to the office. For this reason my field of endeavor recently has been along the lines of stimulating the interest and activity of the department head in the ways of scientific office operations. The plan which I have used successfully during the past two years could not be termed highly scientific; however, it is highly effective and builds a foundation for more intensive scientific development.

Briefly, the plan I refer to comprehends the providing of information, available to the management and department heads, which will clearly set forth the controllable cost of operating each department, together with an equitable index of production resulting from the given cost. Behind this plan is an

attempt to educate our department heads to the point where they will recognize that their value to the organization, to a large extent, is based upon maintaining an equitable ratio between output and cost of output in the group which they supervise.

The first step in the procedure is to establish a classification of office operating accounts which will readily permit the grouping of all controllable costs departmentally. The largest item of controllable cost in office work is, of course, salaries; other items are telegraph, telephone, stationery, office supplies, overtime, etc. I have found it advisable to eliminate in such reports items of expense which are practically uncontrollable insofar as the department head is concerned. I have reference to such items as heat, light, floor space, rental, janitor service, etc. Regardless of the view we take concerning these items, the supervisor invariably considers them as practically uncontrollable insofar as he is concerned—to report them only tends to obscure the real controllable figures on the operating report.

The second feature of the plan is the determination of a practical index which will equitably reflect the relative output of each department concerned. In the majority of cases this index will not be a highly scientific one in the sense that it is based on a detailed job analysis of all operations performed in the department. Rather, it might be said to be a practical index which reflects in a general way the relative output. For instance, the unit "number of checks written" may possibly be considered as an equitable index for a Cashier's Section or an Accounts Payable Division. True, the clerks in these sections might perform numerous other duties; however, from month to month this unit would reflect the relative volume of work performed. This is true—particularly in view of the fact that as a rule other miscellaneous duties will fluctuate with the unit selected. Other units which are sometimes used for different departments are "number of invoices written," "number of letters received and answered," "number of tabulating cards punched," and where general departments are concerned, "volume of sales or shipments" expressed either in units or dollars and cents. As stated before, it is well recognized that this plan is not highly scientific as viewed in the light of factory development. It has proved, however, to be highly practicable and effective and in my opinion should be the first step in the application of scientific principles to office management. Once this first step has been fully de-

<sup>1</sup>Presented as a discussion of a paper by W. H. Leffingwell on "The Present State of the Art of Office Management" (*Bulletin of the Taylor Society*, Vol. X, No. 2, April, 1925), at a meeting of the Taylor Society at the University of Michigan, Ann Arbor, May 15, 1925.

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