is maintained usually in the deposit accounting department, although it is not unusual to find the general books of account, because of their confidential nature, maintained in a unit which is separate and distinct from all other operating activities.

In this important respect, then, bank organization shows a marked contrast to typical forms of organization in the industrial and commercial fields. It is an illustration of the principle that organization is modified by purpose and conditions and that the need for dispatch, as well as the development of highly specialized experience and skill, are entitled to take precedence over logic and theory as applied in an abstract way to principles of organization.

D. Control, Direction and Supervision

Our discussion of the structure of the bank organization has brought us to a point where it is essential to consider practical ways and means of achieving successful operating results. We have discussed the inanimate and static phase of organization, for that is after all the correct way in which the structure should be characterized. We now come to the problem of dynamic character, namely, the necessity of supplying that degree of control, direction and supervision which will effectively weave together the various functions of the organization, maintain them in balance and, without waste effort or obstruction of the machinery, move the organization forward smoothly, aggressively and with dispatch to higher and higher levels of effective performance.

This is a problem of administration and, as such, implies consideration of affairs of the institution in a broad and general way, the formulation of the necessary policies for the successful conduct of its affairs, and the tying together of its chief functions so that control may be properly supported by direction and supervision.

In the industrial and commercial fields it is well to remember that while we have large numbers of successful business organizations of great size, it is nevertheless true that well over ninety per cent of the total number of business organizations in the country employ less than five hundred people. It is in this latter group, as engineers doubtless know, that we only too often find the achievement of successful results blocked by the absence of sound organization and effective control, direction and supervision.

With respect particularly to control, it is probably correct to say that in the majority of smaller business organizations of the country this element is still exercised by the owner-manager type. In other words, those who own the organization are at the same time to be found identified with its management and the administration of its affairs.

This situation has requently created an acute problem, particularly because ownership does not ipso facto make for good management. The trend in the larger organizations, especially where material amounts of capital investment are involved, is distinctly away from this dual relationship. The opinion may be ventured that this trend is for the best benefit of the organizations concerned.

When we look at the situation as it relates to commercial banks we may say that from the very beginning, except in the smallest banking units, there has been a clear line of demarcation between ownership and management. This has been effected not necessarily in recognition of sound fundamentals of organization, but because the directorate of a bank, which is largely representative of ownership, is drawn from many different lines of business. This is done with the objects in view of strengthening and enhancing the influence of the bank in the community and of making available to the bank the comprehensive knowledge possessed by individ-'ual members of the directorate regarding credit and general business conditions in the several fields with which they are respectively identified.

It is furthermore true that administration of the affairs of the organization, which in the commercial and industrial fields is so frequently delegated to such an extent as to make it a pro forma function, is quite differently and much more effectively exercised in the banking field. The individual director of the bank has a personal responsibility which he cannot escape or delegate to others, for the law makes him liable for his acts of omission or commission in a most definite manner.

It is not to be supposed, of course, that the directors of a large bank, most of whom are identified with important interests elsewhere, should control the affairs of the institution without delegation. Such delegation, however, is generally exercised through the organization of important standing sub-committees of the Board, such as the Executive. Discount, Loans, Personrel Auditing, and

others.