

Carl G. Barth on Scientific Management¹

Testimony Before the Special Committee of the House of Representatives,
January 31 and February 1, 1912²

(Continued from the October number)

Testimony of Carl G. Barth February 1, 1912

The Chairman: You may proceed, Mr. Barth.

Mr. Barth: I would like to give some more examples of deliberate soldiering in the shops. During my engagement with Wm. Sellers & Co. years ago they had for a number of years a Scotchman in charge of a large repair gang. The general system of management in vogue at the time allowed this man a great deal of freedom in the handling of his gang, and for years he was a trusted employe, and no great tab was kept on the manner in which he utilized his men. However, it was common knowledge for years in the shop that this whole gang were systematic loafers. They adopted a systematic plan of hiding away in various parts of the shop when they had nothing to do in order still to retain their positions. However, the game was finally discovered and the whole bunch discharged. Right in the drafting room of Wm. Sellers & Co. I also had a personal experience in being prevailed on by a fellow draftsman to slow down my gait of drafting, and because I did not slow down what to me was a natural gait—I was working like a beaver from the moment I got into the office until I left, regardless of my pay—I had a black eye with the man and his sympathizers for a good long time.

I also found out through the various Norwegian friends of mine who worked in the shops at Wm. Sellers & Co.'s about the conditions that existed as regards piece rates. I know again and again the men told me that they could make without the slightest difficulty half again more than the

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\$5 a day, which they considered the limit of what they dared to do. Another game was when they had certain jobs that had been cut from time to time, because certain men had worked too hard at times, they themselves covered the defect up to their own detriment by taking time from the fat jobs and putting it on the lean, instead of, what should have been done, to lay the facts before the management and have the jobs evened up. This lack of confidence was absolutely natural under the old condition of affairs.

A few months ago I was invited to look over the shops of the Sharpless Separator Co. in West Chester, Pa., and there met in the person of the president, Mr. Sharpless; a most delightful man, from the fact that he had worked his way up from an ordinary machinist to his present position as owner and manager of a highly successful plant. He told me that about 1881, or the year that I first came to Wm. Sellers & Co., he worked in the shops of the James Moore Iron Works, in the next block to Sellers, and there put in the most miserable year he ever had in his life, for the reason that he was full of life and energy and loved to work, but was hounded by his fellow workmen because he worked faster than they considered it policy to do. I have also heard from other sources that that particular shop was one of the greatest loafing places the world has ever seen. In spite of that profits were so easily made in those days that James Moore died a rich man.

It was also interesting to have Mr. Sharpless tell me that he went from there to the Buckeye Engine Co. in Salem, Ohio, where he found an absolutely opposite condition. He could not tell me what particular kind of management they had, but there existed the kindest and most confidential feelings between the management and the employes, and he did not come across a man there who did not work hard in the interests of the company.

I would like to relate something more about the conditions found at the Yale & Towne Manufacturing Co. in regard to their old piece rates. We found there fat rates and lean rates, and the foreman giving as many fat rates to his friends as he could and the lean ones to those he did not like; and when some of the rates were so lean, due to reasons that I will further explain, that the man could not make his ordinary day's wages, day wages were by necessity given him under the rules of the company. One of the reasons why some of these rates were so lean was that they had been made in more prosperous times, when the number of pieces in a manufactured lot was larger. The time per piece obtained by the so-called trial men when the lots were large and the setting-up time a comparatively small part of the time for each piece was not sufficient, when the number of pieces to be produced was small and the setting-up time as a consequence became an appreciable part of the time for each piece. This had not been recognized, and the rates that had been pretty fair at one time were exceedingly unfair under the conditions that existed when I came there.

Now, by our method of careful study, we distinguish absolutely between the time of preparation and the time required for each piece, after everything is prepared; and, whether we make a thousand pieces or one, a man has his allowance for setting up, and so he has exactly the same task and the same chance of making extra money, as far as is within our ability to see to it, in the one case as in the other.

Under our system the entire loss for running uneconomical lots through a shop falls on the management, and never on the men. That is a very important point, for those things are not so under the old style of management. They merely have a rate per piece, regardless of the number of pieces in a lot. Besides the injustice to the men the whole scheme deceives the management, who is paying day rates right along for such lean jobs, and still believe that they have the piece rate in operation. Besides, under some methods of keeping cost, this makes the cost returns misleading.

Mr. Redfield: I am interested in what you say about the keeping of costs. What do you mean when you say the system of keeping costs is misleading, and why, and how?

Mr. Barth: Because in a shop that produces a

good many pieces of the same kind, as a rule, they do not keep the kind of costs that we prefer, which is to get the cost on each lot, and have each lot share its proportion of the overhead burden, so that every penny spent by the company in any fashion whatsoever toward production is shared by the various products in some way or other.

Mr. Redfield: You are speaking now of the method which you do not approve. In that method which you spoke of as a bad method of keeping costs, you say it is bad because the separate cost of each lot is not kept together with the proper proportion of the burden charge distributed over each particular lot; is that right?

Mr. Barth: Yes, sir.

Mr. Redfield: Have you anything more to say on that subject before you tell us what the proper method is?

Mr. Barth: Yes; at Yale & Towne the labor cost of an article was made up by taking the sum total of piece rates for all the operations on an article, and hence this cost did not represent the actual cost when several of these operations were done on day wages. Further, as they distributed their factory burden on the direct-labor cost only, the total factory cost thus obtained became increasingly lower than the actual cost.

Mr. Redfield: The proper method is that the cost of each separate lot is kept, and over each is distributed the due proportion of all the burden charges?

Mr. Barth: Yes, sir.

Mr. Redfield: So that it comes from the cost accounting department to the manager, showing its due proportion of material charge, labor charge, and burden charge?

Mr. Barth: Yes, sir; or analyzed into all of these.

Mr. Redfield: Now, how is the burden charge ascertained?

The Chairman: I like to ask, do you think it is possible to devise methods of keeping costs accurately?

Mr. Barth: No, absolutely no; there is no such thing as accurate cost; but there is a way of keeping costs so that every penny you spend is accounted for absolutely on the product you have for sale.

Mr. Redfield: What would it cost to do that?

Mr. Barth: Not very much more than the usual way of keeping costs superficially; but it does cost