

## NOW IS THE TIME!

RIDING in the smoking room of a Pullman the other day, we could not avoid overhearing several gentlemen discuss scientific management. The following is the point upon which they seemed to agree: "Scientific management is a fine thing when you need it; but it takes time to get it, and by the time you have got it the need for it is past."

We recommend to like-minded executives a careful reading of Mr. Kendall's address on another page. In it will be found the testimony of a chief executive of vision and leadership who has proved scientific management.

Of course the development of scientific management takes time; that is what gives it its power and permanence and distinguishes it from the "installation" of ready-made "systems" which do not fit, do not produce, and do not last. The development of scientific management in a plant is essentially an educational process; it required research and experiment to determine facts, the setting up of standards and methods of procedure in accordance with the facts, and the development of an understanding of mutual responsibilities and a cooperative spirit. Because it is an educational process it requires time, but like all educational results, it is something permanent the values of which can never be lost.

And Mr. Kendall gives testimony that there is no truth in the statement that "by the time you have got it, the need for it is past." If it yields results on a market of rising prices and active business, it is also a great aid in the readjustment to new conditions on a market of falling prices and decline in business. It gives control and power on the up grade, and control and steadiness on the down grade.

The muscular strength and skill, the coordination of eye and hand and foot, the sense of location and reliability of foot-holds, which are essential to the mountain climber when he ascends a precipice, are no less essential when he makes the descent. Likewise, with respect to scientific management; the command of facts and the resultant precision of action which are profit-making in times of prosperity, are life-savers in times of depression.

It is now time for executives to set their houses in order. There are several reasons for *now*. The development of scientific management does take time, and the earlier it is undertaken, the better. It is as effective in meeting the problems of a depression as in

realizing the advantages of industrial activity; it may in such times as the present turn a deficit into at least a breaking even. It is easier to develop if begun while the organization is in skeleton than after new people are added to the staff. Last, but not least—strenuous times are immediately ahead.

What are to be the characteristics of the next cycle of industrial development? Mr. Kendall prophesies an intenser competition than we have ever known, in which the race will be to the strongest, and in which the strongest will be those who have the most finesse in management—the best knowledge of markets, the best knowledge of their products, the greatest skill in producing sales, the most precision in production, the lowest costs. Scientific management points the way to all of these, and no other form of management does.

One should not be pessimistic, but one should be impressed by the facts. There have been in our history three high peaks of prosperity, as marked by high prices and business activity. The first coincided with the War of 1812, the second with the Civil War, the third with the World War. After the War of 1812 there was a period of decline in prices which lasted about thirty years, but because of the opening up of new regions and resources by the development of transportation, of increase of population and markets by immigration, of an undisturbed foreign demand, and of great advance in labor-saving mechanical inventions, recovery came and a prosperous period of twenty years followed, notwithstanding permanently increased wages. After the Civil War there was a similar period of depression, a similar recovery for almost identical reasons, followed by a period of rising prices and activity which lasted through the World War. But after the World War—what? There is ahead no new territory to be opened up with vast resources to be exploited, no great increase of population, apparently no opportunity for marked progress in labor-saving mechanical invention, the foreign market will remain for a long time disorganized, and productive capacity is for the time being relatively over-developed.

*Refinement of management is Mr. Kendall's answer.* That is the way out for executives of vision and grit. It is time for American executives to pull themselves out of what a Bunyan would call The Slough of Lost Morale—the principal trouble with American industry just now. With respect to the leaders, Mr. Kendall's address tells what they must be and do, and Mr. Williams' address following describes a proved way of doing it.

THE PROBLEM OF THE CHIEF EXECUTIVE<sup>1</sup>

FROM THE POINT OF VIEW OF THE MEDIUM-SIZED ENTERPRISE

BY HENRY P. KENDALL<sup>2</sup>

I DESIRE first to express my appreciation of the pleasure you have given me in inviting me to speak on this particular subject. I want to congratulate the Society on the extension of its field of interest. Ten years ago we were concerned almost exclusively with the problems of production; a few years ago attention was turned in addition to the problem of selling; very recently the problems of general administration—of the treasurer, the comptroller, the chief executive—have come to claim their share of interest.

Our field of inquiry now is logically rounded out. I am glad to be permitted to contribute my bit in exploration of the field of responsibility represented by the chief executive.

*The Point of View of the Medium-Sized Enterprise*

My background is that of the small or medium-sized enterprise. We read a great deal about and hear a great deal about the large organization—the United States Steel Corporation, the International Mercantile Marine, and other big enterprises. The many schools of business administration which are doing such admirable work in business organization and finance focus their attention chiefly on the large institutions. I propose, however, to speak from the point of view of the small enterprise—one which is small enough to demand from its chief executive an intimate knowledge of the business, yet large enough to have the organization departmentalized and the chief executive free, as he should be, from routine executive work; an enterprise in which (to use a figure of speech suggested by the squally times through which we have been passing)

<sup>1</sup>An address delivered before the Taylor Society, Philadelphia, March 16, 1922.

<sup>2</sup>Boston, Mass. President Lewis Manufacturing Co., Wateree Mills, Addison Mills, Walpole Trust Co., Slatersville Finishing Co.; Treasurer Plimpton Press; member of firm Holliston Mills; Director First National Bank (Boston), Reed-Prentice Co. (From *Who's Who*, 1920-21.)

the chief executive as sailing master in fair weather can leave detail management to his mates, but in which also in squally weather he can step to the wheel, keep his eye on the sky and wind and sails and compass, and show himself master in the handling of his craft. The master of such a craft must be on the one hand big enough to know the seas and shores, the rocks and rips, the skies and winds, and he must on the other hand be familiar with the detail handling of a ship.

In a business of this type the chief executive must be responsible not only for long-run and short-run policies and plans, but also for the organization of the enterprise and the coordination of departments—for keeping the heads of the various departments working together as a team.

*Major Departments*

I recall that some years ago, probably at one of our meetings, I expressed the opinion that an organization is logically divided into four departments—sales, production, finance and accounts, and personnel—and that they should be coordinate departments. I think I shall have to modify that now, and say that the departments which seem to be always major are three—sales, production, and finance and accounts; while other departments may be either major or secondary, or at one time major and another time secondary, according to the nature of the business or to particular circumstances. Purchasing, for instance, in some industries or at certain times may be routine in nature and subsidiary to production; in other industries or at particular times it may be relatively so important as to be a major department. One of the businesses in which I am interested is typical of many others; the purchase of one of the materials—cotton and cotton cloth—is so closely related to merchandising and to selling that, during these times of uncertain markets, we have taken such purchasing out of general mill-supply pur-