

the borrowing of capital from wealthy countries of the world; we have seen centralized and cooperative selling and purchasing. What next? From my observation I will hazard the guess that we are about to see a cycle of refinements in management. The profits are going to come from the little savings of standardization, of better-planned and better-controlled operations, with perhaps another wave of centralization. The tendency will be accelerated by the many failures and losses of working capital due to the war and its aftermath; by the fact that production is somewhere between fifty and seventy-five per cent of normal; that labor costs are sixty-five per cent above pre-war normal; that costs are fifty to seventy-five per cent above normal, with lower relative costs in Europe; that the world's financial systems are out of equilibrium. How is industry in the United States going to adjust itself to new conditions; to meet the new competition? Certainly not by an increase of plants, at least in the immediate future. Speaking by and large of industry in general, I think I see a rather drastic reduction in the number of plants—the sort of thing facing the automobile industry, the rubber industry, the metal-working industry, possibly the textile industry. As never before, the race is to the strong; and the strong today is the man who knows his business, who knows how to organize and manage, who leads an organization of enterprising, intelligent, loyal and efficient people—who knows his product and his market, who watches economic tendencies and has command of fundamental facts, who has a control which makes

possible the finest kind of industrial strategy and tactics, who is in every way ready for the most competitive two or three years we have ever seen.

Vision and Leadership

Outside of the immediate strategy of the conduct of his business, what responsibility has the chief executive? It is that of vision of the future and leadership to new relations and conditions. For instance, we have heard, during and since the war, that labor unions are coming to dominate and gain control of industry, that a man can no longer run his own business. There has never been a time when the balance of power has not been with industrial management, and if that situation is upset it will be the manager's own fault. But management must have vision and show leadership. Unfortunately neither our form of government nor our form of industry seem to have been able to develop great leaders. That responsibility is distinctly up to industry; it has a responsibility for the kind of citizenship we are building. There are industrial communities in my part of the country which one dislikes to go into; they are sorry, sad, sickening places; and they have been made so by the probably involuntary and unconscious attitude of a relatively small group of leaders in industry. I believe these communities could develop a happy and prosperous citizenship—and future leadership in industry—were there vision in present leadership. Industrial management must realize its responsibility for these things as well as for excellence in technical management.

FIRST of all, we must appreciate the seriousness of the situation. We have increased our production capacities in many lines as much as forty and fifty per cent, in some lines over one hundred per cent. The exact figures for all fields are not available but there seems to be a general consensus of opinion that thirty per cent increase is a fair estimate. With this increase we have decreased the purchasing power of the world by the loss of earnings or purchasing power of twenty million men killed or maimed in the war. We must fully appreciate the fact that our general business depends to some extent upon our export business in great raw materials. We also have exported fifteen per cent of our manufactured goods. This business is gone for

the present and will be a long time absent.

It is, of course, obvious that we had no general increase in business, population or wealth in this country to offset this real loss. Therefore, we are faced with the problem of either closing down a part of our plants or seeking and finding new markets for our products. In this situation one important fact seems to have been established in the minds of the bankers. What we can sell is more important than what we can manufacture. This fact will, in the future, cause a greater insistence on the part of financial backers of business that sales plans shall be as accurately planned and developed as production plans. ("Sales Planning, 1922" p. 4, by Harry R. Wellman).

A TECHNIQUE FOR THE CHIEF EXECUTIVE¹

A DEFINITE RESPONSIBILITY—A DEFINITE PROCEDURE—A DEFINITE MEASURE OF RESULTS

By JOHN H. WILLIAMS²

I. INTRODUCTION

THE position of the chief executive is the most important and at the same time the least understood in industry.

To the employe it means the divine right of kings, power and the right of decision.

To the chief executive it too often means that he is the hardest-worked man in the world, and that unless he is everlastingly on the job looking after and watching everything, the business will go to pieces.

It really means those things which through circumstances and environment, the person in question happens to identify with the position of chief executive.

Even the man best suited both in temperament and ability for the position of chief executive is largely dependent upon the circumstance of his environment for what he will do with his ability. This must continue until the position is subjected to the same analysis and specifications as other positions. When a standard has been established, something to live up to, chief executives will be as good as their ability.

Until quite recently most chief executives considered that one of their prime functions was to sign checks. Even today many of them, while having a daily report of cash receipts and disbursements and bank balances, have absolutely no daily information concerning the vital factors constituting the sources from which cash flows.

There has been a vast deal written and spoken about leadership, inspiration, personnel, cooperation, coordination, organization and the like, but it is usually from the viewpoint of the executive in immediate charge of some one function and there is little from

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²New York Manager, Day & Zimmermann, Inc., Philadelphia.

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the viewpoint of the chief executive in his coordinated relation to the organization as a whole.

Most chief executives feel unduly embarrassed in asking and taking advice concerning their own functioning from any one short of a chief executive, and the discretion of one, or the lack of interest or disposition of the other, makes this a very poor source.

The Functions of the Chief Executive Susceptible of Definition

I want to put before you tonight the fact that *the job of the chief executive is as concrete as the job of the production manager, the sales manager, and a number of other executives whose functions are hardly less complex though on a different scale.* These positions are not exactly alike in any two enterprises, or even in any two branches of a parent company, but they are fairly well defined as to both principles and methods, and there is little difficulty in adjusting these principles and methods to the exigencies of different cases.

There are reliable sources of information concerning the principles and methods pertaining to each major position under the chief executive, and there is constant discussion and give and take among the executives charged with responsibility in these matters. It is hardly too much to say that it is one's own fault if information concerning these matters and opportunity to discuss them are lacking.

Some of the members of the Taylor Society have felt for several years that the same sort of information and opportunity to discuss the functions of the chief executive should be provided. All were agreed a year ago upon the desirability of forming a section of the Society for this purpose. A committee was appointed, of which I was made chairman, to prepare a program for an early session; but I regret to say the committee has formulated no definite plan up to the present time.

Our chief difficulty has been to get a clearly defined