

it is perfectly remarkable how sinister and corrupt an influence this is having and what a real set-back it is giving to true progress in industry.

We may as well strike right from the shoulder. There are a multitude of so-called industrial engineers today who have not the years of training and experience in analysis and technique to get down to fundamentals, to basic principles in management, who are going around the country knocking the scientific method, sneering at the Taylor principles and fostering this absolutely unjust and false impression for advertising purposes.

But as individuals of the Taylor Society, we are to blame in a large measure, not for these innuendoes of the charlatan, but for the really sincere feeling of the man who has not had the opportunity to study the true facts, to see the difference between the results that can be accomplished by the rule-of-thumb or superficial method and the results of it showing day after day and year after year, through the really scientific development of methods and the elimination of waste in industry.

We have heard in the paper by Mr. Pound a severe criticism of modern industry. That this attack was not aimed at scientific management seemed so evident to those of us who are in the game that none of us got on our feet to show how the principles that this Society stands for—the principle of scientific research to find the best and easiest way, the way that will develop the skill and the ability of the worker and therefore his mind as well as his body—is combatting, and combatting valiantly the effects of the mill and the monotonous grind.

Whiting Williams brought out a vital truth in his illustration of the locomotive fireman shoveling coal with the satisfaction that he was doing it in the best way, in the way that would bring up the steam pressure—in the scientific way. And is not this an accurate illustration of science in industry? The worker selects a standard tool, in this case the shovel, best adapted to his work; he adopts not the rule-of-thumb method, but a standard way of doing it and he trains himself to carry out this method day after day. We have in this the Taylor fundamental principles—but individual initiative! nonsense!—he does not do this by individual initiative, he does it because somebody taught him how to do it—the fireman who gave him his training. Take another first-class fireman, see if he will not do it in substantially the same identical fashion; coal at the

right time—just where needed—by the best method of handling the shovel—the scientific method. And he is not a machine because he has to think to do it in just this best way. Does it matter to the fireman whether he was taught to do it in this way by another fireman, or by a man who used to be a fireman, but has become an instructor because of his special skill? Does it matter even if, as in the scientifically managed shop, he gets his training from the typewritten sheet? Friends, the joy of the work is in doing it well and further in having that “well” appreciated! It matters little in principle whether the appreciation is shown by the engineer himself, by the surge and the impulse of power, from the rising steam gauge pressure, or in the good old days by his master patting him on the back, or whether he has a direct or an indirect financial incentive. But he must have some acknowledgement of what he does. This may be determined by records, it may be determined by the sometimes disdained standards of performance to let himself see and to let others see that he is doing a job. A man shoveling coal out of a car cannot see the steam gauge rise, he cannot feel the thrill of the engine as it responds to his shoveling. He must have some other recognition of his work well done. And he can have a standard of performance, he can learn that in order to come within the standard performance he must attack the coal pile in a certain way and that he must handle his shovel in correct fashion—that he must become an expert in his methods and so he can get his joy in his work.

But one's work must receive recognition. How long would you and I do our jobs with joy in accomplishment unless the world, or our individual corner of the world, appreciated that we were doing our work well? For a homely but almost universal illustration, is it not true that the recognition of the wife when her man, as a guarantee of a job well done, brings home a report of his accomplishment for the week together with a big fat pay envelope, is a thing well worth while, although without the constant thrill of the locomotive?

I say then that the following out of the principles of scientific management as taught by Frederick W. Taylor, which helps the worker to find the best way of doing his work—which leads to the joy of accomplishment—is one of the finest things today in modern industry. But also give the man his steam gauge, or the equivalent, to let him see what he is doing. In fact, give him both applause of the wife and the steam gauge.

BUDGET CONTROL

BUDGET CONTROL REQUIRES A DEFINITE ORGANIZATION, DEFINITE ACCOUNTABILITY,
AND ACCOUNTS WHICH REFLECT ACCOUNTABILITY

BY GEORGE E. FRAZER²

LET us set up three premises as to budget control. In the first place, a business budget presupposes an accountable business organization, in the second place, a business budget presupposes that accounts are maintained so that the organization is held accountable; and in the third place, that the business budget itself is a system of future accounts in terms of organization responsibility. The first phase of budget control that should be discussed is responsible organization. The main difficulty a practitioner has in setting up systems of budget control in business lies in the lack of accountable organization in the business in which he may be engaged. I think, without boring you, that I can remind you that most of the textbooks on business organization content themselves with a discussion of the legal side of organization. We have quite elaborate presentations of the individual form of ownership, of partnership, or corporation control, of syndicates and combination and consolidation. That is not the particular field of organization to which I refer today. We need, indeed, excellent presentments in textbooks of the field of technical business organization.

A business organization, from the standpoint of budget control, may be said to be, first of all, a policy making organization; second, an executive organization, and in the third place, a staff organization that furnishes information through the executives to the policy makers.

There is one specific problem in organization of first importance in budget control. That problem is the separation of policy making from executive powers. In most of our forms of business organization, as applied particularly to corporations, we have a theoretical separation. We have a Board of Directors who are assumed to set the policies. We have generally a President clothed with full executive authority—that is, in

theory. In actual practice we find the executive constantly concerning himself with the consideration and formulation of policies, and the Board of Directors constantly concerning itself with minutes and details of executive authority. Now I am not here to make a special pleading that all policy making should be vested in the Board of Directors. The President, alone, may be the policy maker. But if the budget is adopted by the Board of Directors, that fact presupposes that the Board of Directors is the policy making authority and that the executives are to carry out the policies as made by the Board of Directors. The contrary is, of course, true in the great majority of American business enterprises. The directorate has the nominal function of the approval of the executive; the adoption of the budget by the Board of Directors is a nominal adoption in the great majority of cases where such an adoption occurs; and the executive fully understands that if, for any reason whatever, he wishes to make any change in the budget, that is, in the policies, he has entire liberty to do so. Hence at that very point there is a lack of clear-cut definition in the budget making. The policies of the corporation as outlined in the budget are adopted nominally by a Board of Directors, but adopted actually by the autocratic action of the President of the company. Where you have that situation, it is to be supposed that the budget will lack the element of business stability, because if the President of the company has autocratic powers in making changes in the budget, the reference of the budget to the Board of Directors is a purely nominal affair.

Another primary problem in organization affecting budget control is the lack of complete executive authority as we find it in American business. As I read the altogether too few literary remains of Mr. Taylor, I find there very strong evidence of a desire for complete executive authority in the hands of one man. We find a great deal in American business literature that would lead us to assume that every American Busi-

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²Frazer & Torbet, Chicago.