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AUG 30 1923

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BULLETIN OF THE TAYLOR SOCIETY

AN INTERNATIONAL SOCIETY TO PROMOTE THE SCIENCE
AND THE ART OF ADMINISTRATION AND OF MANAGEMENT

Published by the Taylor Society at
Engineering Societies Building
29 West Thirty-ninth St.
New York

Copyrighted 1923, by the Taylor Society. Published every
other month. Per Year to Members, \$2.50; to others, \$3.00.
This Issue \$1.75

Entered as second-class matter, Dec. 17, 1921, at the Post Office at
New York, N. Y., under the Act of March 3, 1879.

VOL. VIII AUGUST, 1923 No. 4

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COMMENT

BY courtesy of the *Harvard Business Review* we are privileged to reprint a noteworthy article which appeared in the July issue of that review; "The Control of an Industry in the Business Cycle," by Howard Coonley, president of the Walworth Manufacturing Company, Boston. It is the description of a system of budgetary control which has yielded striking results. In connection with this article the attention of readers is called to the article "A Technique for the Chief Executive," by John Williams, published in Vol. VII, No. 2, April, 1922, of the *Bulletin*, and the article "Budget Control" by George E. Frazer, published in Vol. VII, No. 3, June, 1922.

THE striking thing about these articles is the essential identity of basic principles; for instance, the necessity for any effective budget control of a clearly defined organization and clearly defined executive responsibility. Says Mr. Frazer: "The first phase of budget control that should be discussed is responsible organization. . . . There can be no budget control, no policy continuously established, without a line of authority to assist the principal executor. . . . the whole idea of a budget, to my mind, is a set of estimates as to future accounts that will reflect the policies of the company as a guide to those who have definite responsibilities in executing the policies." We find Mr. Williams saying: "If the organization chart represents the units of responsibilities and duties upon which the success or failure of the enterprise depends, then obviously it represents the units in which all costs and records should be kept" and in which budget estimates should be made. Quoting from Mr. Coonley's article: ". . . there was also in progress a simplification of the organization. It was not an easy matter at first to define clearly the functions of the major executives . . . each being given full authority in the direction of all activities within his control, and being held responsible for financial results, which our revised accounting system makes it possible to segregate."

IN every new case of a noteworthy accomplishment with respect to some phase of the management problem, we find striking confirmation of basic principles which have been stressed in the programs and publications of the Taylor Society. Clearly-defined policies and plans; a clear-cut organization without overlapping of responsibilities and authorities; clearly-defined responsibilities and authorities; plans, estimates, standards and records in terms of clear-cut organization and defined responsibilities;—find for us a noteworthy case of budget control not based on these principles! These are principles, it should be noted, which have been carried over from the code of good detail shop management; were basic principles of scientific management years before general management, the management of the business as a whole, had begun to question itself concerning its over-all management responsibility and its ways and means. We hail every new noteworthy achievement, examine it, and discover that it is a new center of sense and nerve in adopting and adapting good scientific management principles. Taylor's "Shop Management" is the classic on budgetary control as well as on shop control—to the executive with imagination.