

enough to hear Dr. King of the Bureau of Economic Research discuss business cycles at the recent Syracuse meeting, were no doubt impressed by the immense influence which these, as yet unexplained, business phenomena have on selling. Dr. King said that he was well aware of the fact that most concerns—and a good many of them who ought to know better—had discounted to a considerable extent the necessity for taking into serious consideration the business cycle theory, but that their experience for the past few years had undoubtedly impressed upon them the value of this theory and the necessity for knowing more about it and about its effect on their particular business, and for devising ways and means to combat it. In other words, the business cycle curve can, under certain ideal conditions, be flattened to such an extent that business in general will not be subjected to such decided peaks and depressions as it has experienced during the past eight or ten years. His remedy for the situation is foresight, not only on the part of the manufacturers and producers themselves, but also on the part of their representatives—sales offices and dealers in the field. Dr. King thinks that the first indications of a decided change in the business cycle are apparent at the point of contact with the consumer. It seems obvious to me, therefore, that if we can succeed in properly educating our sales representatives in the field to the importance of these cycles and the meaning of the signals which herald these business reversals, we shall be able to exercise sufficient foresight to accomplish the very thing that Dr. King advocates, the flattening of the cycle curve so that business will neither attain the dizzy heights of prosperity nor sink to the deep sloughs of despondency with which we are all unfortunately familiar. I make this suggestion because I believe that a little thought in the matter, a little educational effort on our part and an attempt to accumulate knowledge enough to properly interpret business signals of distress, will assist all of us greatly in more nearly maintaining our sales budgets at an efficient level.

While it is true that under present conditions, and probably for some time to come, the production end of your business and mine will be obliged to wait upon the development of sales demand, there is much that production engineers can do to assist the selling executives. Among these I might mention care and thoroughness in building quality into the product, cooperation with the sales department in relation to new devices and models, a continuous and energetic effort to reduce production expense, and promptness in deliveries. This latter

item, of course, refers particularly to the production of special orders made necessary by the desire of the sales department to give its customers what they want, and not insist on forcing on an exacting public designs and models not suited to its requirements. In an attempt to secure cooperation of this nature, the Corona Company sometime ago organized what we call a merchandising committee consisting of the domestic sales manager and his assistant, the foreign sales manager, the publicity manager and the sales promotion manager. Meetings of this committee are held weekly, and not only are merchandising problems considered, as well as all phases of selling and sales promotion, but also new designs, suggested changes in existing models, details of construction from a selling point of view, and matters of that nature. These latter matters are passed on in the form of recommendations to the experimental and production departments, and many of them are given consideration by the factory advisory committee which consists of practically all of the production department heads. Thus the production end of the business is enabled to grasp the sales point of view and greater cooperation naturally results. It might also be interesting to mention here that periodically sales and administrative executives are present at meetings of the factory advisory committee for the purpose of securing a more thorough and intimate knowledge of production matters, and imparting such information and data concerning sales and general business conditions as may be of interest and assistance to the production officials.

In considering this entire matter of a proper coordination and tie-up between sales and production, it seems to me from the foregoing that there is one all-important problem which must be satisfactorily solved before perfect coordination can be obtained. I refer to the necessity of the accumulation of facts and figures in relation to sales budgets that will give just as accurate and dependable information as does the great mass of data which has been accumulated with relation to production. Without a proper conception of the necessity for absolutely scientific sales analysis these facts and figures will not be forthcoming, or they will be so inaccurate as to be of no consequence whatever and possibly a positive deterrent to progress. There is a big opportunity here for him who has the capacity for studious application and proper analysis of the figures already available, because there has been compiled by numerous agencies an immense amount of information for use in the proper conduct of a market analysis.

THE MILITARY TYPE OF ORGANIZATION

A PROCEDURE FOR ENHANCING ITS VALUE

By W. MAXWELL REED¹

THERE has been and still is a serious agitation for government ownership of large public service corporations. Some are beginning to extend this agitation to include the leading basic industries, notably that of coal. This revolt against private ownership probably owes its origin more to bad management on the part of the corporations than to the prices they may be charging for their services and commodities. If a corporation treats its employees in such a way as to cause an industrial scandal in the community, or if it monopolizes the market and then fails to meet the wants of the community either by the quantity or quality of its services or merchandise, then a serious movement is inevitably started to give the government control or possession of the offending industry. So long as prices are not unreasonably high and so long as the corporation is conducted with good will toward both its employees and the public, there is probably little chance that any public agitation for government ownership would ever be seriously considered. If a small reduction in prices were the only change that the government ownership enthusiasts could offer as an inducement to the people to support the movement, it is very unlikely that they would get many followers. But if the rank and file of the employees are suffering from oppressive conditions so that strikes are numerous and serious, and if in addition the public is not receiving either the quantity or quality or regular delivery of production that it expects, then promise of even a small reduction in prices is an important and added influence to bring about a strong public movement.

There is probably one exception to this assumed rule. It is that sometimes the well and honestly managed corporation is swept into the government vortex by a general public movement due to the scandalous behavior of its neighboring corporations. It is as difficult to guard against this danger as to protect oneself from a conflagration.

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But a corporation has the power to make itself secure against government ownership so far as efficient management is concerned. It is this feature of the discussion that interests us at present.

Those who would suffer most from government ownership would be the public and the managerial officers of the corporation. The stockholders would undoubtedly receive fair compensation, and the rank and file of the employees would probably be as well off under government ownership as under private ownership. In most cases the condition of this class of employees would be materially improved. But the supervising officers would be less carefully selected, would receive smaller salaries and would be less likely to be promoted on account of merit. The public would get poorer service and in many cases would probably pay higher prices. But no matter how carefully these conditions are predicted, the people will force the government to control or purchase a large basic industry if it is managed in such a manner as to cause perpetual trouble. Obviously then it is the duty of supervising officers to do their utmost to make the organization as efficient as possible, both for their own welfare and for that of an ignorant and misguided public.

The effectiveness of their efforts will inevitably depend to a great extent upon the efficiency of the organization with which they must work.

Unfortunately, no matter how much the majority of the officers may wish to have an efficient organization, they are handicapped by being obliged to use what may be termed the military type of organization. This is a form of organization that we have inherited from the earliest times. With a few modifications it represents the best we can devise even today. As a chain is as strong only as its weakest link, so to a certain extent the military organization is seriously weakened by the presence of only one or two incompetent supervising officers.

An inefficient officer, when his department is not adequately inspected by his superiors, can injure the use-