

problems is arrived at, and a mutuality of interests and a stronger feeling of reciprocity is established. This is particularly true in overcoming shop prejudices, where long use has caused a department to grow accustomed to a certain kind or make of material or tool, when there are others on the market equally as serviceable and by the use of which substantial savings could be effected. These are essentials, if he is to act as an intermediary in fact as well as in theory, between the factory and its requirements, and the outside markets.

The purchasing agent should be advised at the very start of new plans of changes that may be contemplated, that the firm may receive the benefit of any material, tool or piece of equipment the market affords, which may be of advantage and of which the purchasing agent has learned through his contact with suppliers.

I want to cite an example, illustrative of how lack of knowledge on the part of the purchasing agent of one concern caused considerable delay in gathering essential information relative to a new proposition one of their plants was working on.

About three months ago, the manager of this plant and a member of the TAYLOR SOCIETY, came into my office to discuss some work they were doing for us. During the course of our conversation he asked some questions with regard to machining a certain metal with which we had had considerable experience. It just happened that a branch manager of a supplier was to be in Groton within a few days and I volunteered to ask this representative to call on our friend on his

way to Groton. Immediately the remark was made, "Be sure and have him ask for me when he calls, as our purchasing agent would not know anything about the proposition." Several days before this a salesman for another supplier of this material had called on us and mentioned having called on the purchasing department of this same firm I speak of, and was advised they were not interested. Had this purchasing agent been advised of the plans his people had in mind, the desired information would have been available at least two weeks earlier.

I have endeavored to make it plain that a purchasing agent through special training and knowledge of the requirements of his particular concern, should be able to select the good from the bad; that no good propositions will be passed by or poor ones accepted. How is he to gain this essential knowledge if it be not through instruction received from his associates, plus common sense? Courtesy and cooperation are not only desirable but essential if the best interests of the firm are to be safeguarded. Coordination with, and the cooperation of, production and engineering departments are among the best assets a purchasing agent can acquire.

In the final analysis it is results that count. Individual or departmental successes or achievements—I do not mean, however, to discourage individualism—are secondary in interest to a board of directors where figures are the guide posts for decision and action. Close cooperation places the purchasing agent on a higher plane and a more solid footing with those for whom and from whom he is buying.

THERE are three terms, constantly recurrent in any treatment of the structure of industry, which it is important to define with some exactitude—Administration, Management, and Organization. Though frequently treated as almost synonymous, the three terms, if not easily separable, at any rate should convey quite distinct impressions.

Administration is the function in industry concerned in the determination of the corporate policy, the coordination of finance, production and distribution, the settlement of the compass of the organization, and the ultimate control of the executive.

Management proper is the function in industry concerned in the execution of policy, within the limits set up by administration, and the employment of the organization for the particular objects set before it.

Organization is the process of so combining the work which individuals or groups have to perform with the faculties necessary for its execution that the duties, so formed, provide the best channels for the efficient, systematic, positive, and coordinated application of the available effort.

Organization is the formation of an effective machine; management, of an effective executive; administration, of an effective direction. Administration determines the organization; management uses it. Administration defines the goal; management strives towards it. Organization is the machine of management in its achievement of the ends determined by administration. (Sheldon, *The Philosophy of Management*, p. 32.)

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