

ous, and all the more serious because seldom baldly expressed, as indeed they would seldom stand bald expression. The assumptions are usually made, for example, that profit comes from the sale of goods, that a transaction ends at a sale and that all processes leading up to this final sale are secondary—disagreeable necessities as it were. If we cast out these half unconscious, all pervasive assumptions we see business not as a straight line but as a closed circuit. In this deeper insight goods do not go out the shipping room door—they are there transformed into a financial force, credit, which is one of the psychological components of the flow of force around the circuit. Working through and upon suppliers of material and suppliers of brain and hand labor, the essential force of industry, in one form or another, flows through the circuit to the suppliers of credit—the customers and from them through the circuit again. From this deeper insight profit is not made at any one point of the circuit but more or less uniformly throughout, much as if it were an induced current set up by the circuit as a whole. There is, then, no superior and inferior segment. Actually to gain potential in the direction of flow is of the same significance whether it comes from suppliers, workers or customers. To check or to pinch the flow at any point, by frictional losses or by resistances, whether it be among customers, suppliers, or the workers amounts to the same thing—a dissipation of energy with accompanying heat. To set up counter pressure (active opposition) in any sector reduces and may even reverse the current. This picture is more than fanciful—it has all the weaknesses of analogy and all the advantages of being a more accurate analogy than the ones we have commonly but unconsciously carried about with us. In essence it hammers home that the business process is primarily dynamic, continuous, unified.

The illustrations above have named customers, suppliers and workers. In the every-day flow of the business processes their participation is obvious. The participation of the investor is in most cases after the early stages of establishment less obvious but just as real. His participation may come to the surface of things only quarterly or even yearly, but the use of the facilities his funds have purchased is a daily matter and his return must be figured into every cost. It is useful to consider the investors as a distinct group, but suppliers and customers are in such a similar position from any such point of view as we are adopting,

that I prefer hereafter to group them both under the one head of "customers."

We have, then, concerned in the closed circuit of a business process three principal groups of human beings: the customers, who exchange merchandise for money or money for merchandise; the workers, who exchange activities for money; and the investors, who exchange present money or credit for future money or credit.

Here, then, is a picture—generalized—of the sort of business concern which I am going to try to hold in mind as that which is to be managed by management—a closed and intimately intermeshed circuit of psychological forces, continuous, dynamic, through and among three principal groups of human beings—investors, workers, customers—using as conductors the equipments, materials, services and money which to external appearances constitute the reality of the company.

B. What Do We Mean by "Managing"?

What is it, then, to manage this reality? If I were to stick to the same metaphor now I might say that management is the battery or dynamo which furnishes potential to keep the circuit flowing and to overcome the resistances involved. But now that we are turning to an examination of the management function we shall have to set up a new picture of its elements, just as we should have to make a drawing of a dynamo more detailed than just a circle with a letter "D" in it if it is the dynamo we wish to know more about rather than the circuit to which it is hitched up. We have, as a matter of fact, had talk enough about management as a sort of "M" in a circle. The daily relation which most of us hold to management has led us into an assumption that we know all about it, in much the same way that being men and leading men's lives leads us to the false assumption that we know men. Moreover, there is a dangerous double meaning creeping in again and again through the word management referring in one breath to a group of men, and in the next breath to an activity or function. For the next step of this discussion, therefore, I am going to drop the word "management" and ask again: what does *managing* consist of—what do you mean—manage?

1. Management a Compound Process

Managing is not simple but a compound function. Let us get out of our heads once and for all the notion which our days under parental authority make so

common, that managing consists in any significant degree in giving orders. Order giving is to foremanship what order taking is to salesmanship, a part of the whole process of no outstanding significance. It is the element, however, which can most easily assume the appearance of predominant if not exclusive significance, and thus lead to wrong emphasis and erroneous inferences. The fact that to a superficial mind managing is first thought of as giving orders has done its full share towards the common underestimate of the importance of the real factors in the function of managing.

In cutting managing up into its more simple elements let us take a case first of the man who undertakes some project alone, say fishing a trout stream or writing this paper. I must warn you here to cut free from too strict an order of sequence. For the most part in managing there is no real beginning or end, and its elements do not follow along in careful consecutive order, element No. 1 being complete before element No. 2 enters upon the scene. While any description, because of the limitations of language, proceeds of necessity along but one dimension, managing like all reality takes place under conditions of three and possibly four dimensions, which take its elements entirely out of mere lineal sequences. An individual, then, would more or less consciously start his job by picturing the goal or possible goals. He would lay out before himself the factors of the case, arranging and rearranging such factors with the goal in mind. Then he would devise ways and means. All this in the simpler projects would be very rapid and almost unconscious, but if the job be pictured as complicated enough and new enough these three factors would stand out rather clearly.

The fourth step with our lone individual is that, having devised his ways and means, he must persuade himself to go about it and then he must start in. This last step in his activity can no longer be called managing; he is in this aspect an operative. But then as he critically observes his own work to see that he has carried it out according to the plan, and notes the results as successful or otherwise, he is again managing.

Now let us apply this same analysis to our typical case of managing in a normal industrial concern; and for safety, to avoid assuming beginnings and endings, let us start our list of factors when the productive operation is actually under way. Let me remind you again that these elements are not strictly in sequence

—they are often all going on together as if in different planes; one would usually run ahead a way into element number two and then go back to revise or review or perfect number one and then again go on, and so for perhaps many times.

2. Job Analysis of Managing

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| UNDERSTANDING | (f) OBSERVING (Watching the operation, supervising, includes selecting what to observe and method of recording, mental or physical.) |
| | (g) EVALUATING (Interpreting the observed facts; relating them to other facts and to policies; determining relative significance.) |
| DEVISING | (h) CONCEIVING (Imaging possibilities—goals.) |
| | (i) ANALYZING (Analyzing goal and possibilities and relating observed and evaluated facts thereto.) |
| | (j) CONTRIVING (Determining methods, means; incentives, operatives.) |
| PERSUADING | DIRECTING (Giving orders—in absolute strictness not managing, but operating.) |
| | (k) TEACHING (Establishing the necessary understandings of goals, means, methods, and incentives.) |
| | (l) INDUCING (Inspiring—"instructing the desires"; the emotional partner to teaching.) |

Note 1: The process called coordination is composed of parts of j, k, and l.

Note 2: Complaints, disclosed faults, are results of (f); (g) is their acceptance and appreciation; (h) "proposes" their correction.

The extent to which this analysis of the dynamics of managing is imperfect in detail I shall be glad to have made the subject of later special study and discussion. There may be too many questions as to the propriety of the method itself to make it profitable to take the time now for a discussion of the details of its application. To me this cutting up of management into its component forces, instead of the more usual method of studying the different projects to which managing applies itself, throws an entirely different light on the whole situation. It shows up, for example, that everybody in the industry does some managing—that the elevator man can't decide what floor to stop at if two bells ring without going through